

The Influence of Talent Management on Employee Retention through Employee Engagement with Organizational Culture as a Moderation Variable: A Study on the Banking Sector in Makassar City

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Abstract

This study examines the influence of talent management on employee retention, combining employee engagement as a mediating variable and organizational culture as a moderation factor in the banking sector in Makassar, Indonesia. Based on the Resource-Based View (RBV) and Social Exchange Theory (SET), this study aims to provide a comprehensive understanding of how strategic human resource practices affect employee retention through psychological and contextual mechanisms.

A quantitative research design was used, with data collected from 250 banking employees using a structured questionnaire. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) to assess measurement and structural models, including the effects of mediation and moderation.

These findings reveal that talent management has a significant positive effect on employee engagement and employee retention. Employee engagement also significantly affects employee retention and partially mediates the relationship between management and talent retention. In addition, organizational culture significantly moderates the relationship between talent management and employee engagement, as well as between employee engagement and employee retention, reinforcing this effect under supportive cultural conditions.

The study contributes to the literature by integrating RBV and SET in a single framework and simultaneously testing the effects of mediation and moderation, which remained limited in previous studies. The results highlight the importance of aligning talent management practices with organizational culture to improve employee engagement and retention. In practical terms, the findings provide strategic insights for banking institutions to develop integrated human resources policies that drive sustainable employee retention in a competitive labor market.

Keywords: Talent Management, Employee Engagement, Employee Retention, Organizational Culture, PLS-SEM, Banking Sector

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INTRODUCTION

The dynamics of increasingly intense global competition have encouraged organizations to place human resources (HR) as strategic assets that determine sustainable competitive advantage. The phenomenon of *talent war* has become a

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central issue in contemporary management literature, where organizations compete to attract, develop, and retain the best talent amid a limited supply of high-quality labor. In this context, the main challenge is no longer just recruitment, but rather the ability of organizations to retain *high-potential employees* so that they do not move to competitors. The high level of global workforce mobility reinforces the urgency for organizations to develop effective retention strategies, particularly in highly competitive sectors such as banking.

The banking sector globally is facing significant pressure due to digitalization, financial technology (*fintech*) disruptions, and changing customer preferences that demand faster and more personalized services. This transformation not only affects business models, but also demands new competencies from employees, such as analytical skills, digital adaptability, and orientation to innovation. In these conditions, the existence of superior talent is increasingly crucial. However, various studies show that the banking industry also experiences a relatively high *employee turnover rate*, especially in the younger generation who tend to have more dynamic career expectations and are less loyal to one organization (Dechawatanapaisal, 2021; Karatepe & Olugbade, 2022). This high turnover not only increases recruitment and training costs, but also has the potential to reduce service quality and disrupt organizational stability.

In responding to these challenges, the concept of *talent management* emerged as an integrated strategic approach to managing the employee lifecycle, from identification, development, to talent retention. The *Resource-Based View* (RBV) perspective emphasizes that an organization's competitive advantage depends on valuable, rare, *inimitable*, and *non-substitutable* (VRIN) resources. In this case, employee talent meets these criteria, so that their effective management is the key to the success of the organization (Collings et al., 2021). However, the implementation of *talent management* does not automatically guarantee increased employee retention. This indicates that there is an intervening mechanism that mediates the relationship between talent management practices and employees' decisions to stay in the organization.

One of the psychological mechanisms that is widely discussed in the literature is *employee engagement*. This concept refers to the level of emotional, cognitive, and behavioral attachment of employees to work and organization. According to *Social Exchange Theory*, the relationship between employees and the organization is reciprocal, where positive treatment from the organization—for example through talent development programs—will be reciprocated by employees in the form of higher commitment and involvement (Blau, 1964; Saks, 2022). Thus, *effective talent management* can increase *employee engagement*, which in turn strengthens employee intention to stay (*employee retention*). However, these relationships are not always consistent in various empirical contexts, suggesting that other factors may also influence the strength of the relationship.

A number of empirical studies have shown mixed results related to the influence of *talent management* on *employee retention*. Several studies have found that *talent management* practices have a positive and significant influence on employee retention (Gallardo-Gallardo et al., 2020; Vnoučková et al., 2022). However, other studies have shown that these influences become insignificant when psychological variables such as job satisfaction or *employee engagement* are included in the model (Mensah, 2021). This inconsistency indicates that the relationship between *talent management* and *employee retention* is indirect and influenced by mediation variables. On the other hand, research on the role of *employee engagement* as a mediator also shows non-uniform results, especially in the context of the service industry which is strongly influenced by organizational cultural factors.

In addition to mediation mechanisms, the latest literature also highlights the importance of contextual factors that can strengthen or weaken the relationship between variables, one of which is *organizational culture*. Organizational culture reflects the values, norms, and practices embraced within the organization, which shape employee behavior and perception. In the perspective of RBV, organizational culture can be considered an intangible resource that is difficult to replicate and has an important role in creating competitive advantage (Barney, 1991; Schein, 2017). A culture that supports employee development, collaboration, and innovation is believed to strengthen the effectiveness of *talent management* practices and increase *employee engagement*. Conversely, a rigid and bureaucratic culture can hinder the implementation of progressive HR strategies.

However, research on the role of *organizational culture* as a moderation variable in the relationship between *talent management*, *employee engagement*, and *employee retention* is still relatively limited. Most studies tend to test direct or mediated relationships separately, without considering the interaction between contextual variables and psychological mechanisms simultaneously (Al Aina & Atan, 2020; Cooke et al., 2022). This creates a significant *research gap*, especially in an effort to understand how a combination of structural (*talent management* practices), psychological (*employee engagement*), and contextual (*organizational culture*) factors together affect employee retention.

In the context of the banking sector, the complexity of this relationship is becoming increasingly relevant. The banking industry has unique characteristics, such as high levels of regulation, intense performance pressures, and customer-oriented service demands. This condition can affect employees' perception of *talent management practices* and their level of *engagement*. Additionally, organizational cultures in the banking sector are often hierarchical and formal, which can be challenging in creating a work environment that supports employee engagement. Therefore, it is important to examine how organizational culture in this sector plays a moderator role in the relationship between *talent management* and *employee engagement* to *employee retention*.

Furthermore, the local context also has an important role in shaping the dynamics of the relationship between variables. The city of Makassar as one of the

economic centers in the Eastern Indonesia region has shown quite rapid growth in the banking sector in recent years. Increased economic activity and investment are driving the expansion of financial institutions, which in turn increases the need for a competent workforce. However, this condition also triggers competition between banks in recruiting and retaining the best talent. The phenomenon of interbank employee turnover in Makassar is an indication of serious challenges in terms of employee retention, which have not been fully resolved through existing HR management practices.

On the other hand, the socio-cultural characteristics of the Makassar community that uphold the values of collectivism, loyalty, and interpersonal relationships can affect how employees respond to organizational practices. This local culture has the potential to interact with the organization's culture in shaping employee *engagement* levels and decisions to stay in the organization. However, research that specifically examines the interaction between local cultural factors and organizational culture in the context of banking in Makassar is still very limited. This further strengthens the urgency of research that is able to integrate global, national, and local perspectives in one comprehensive analytical framework.

Based on this description, it can be identified that there are several research gaps that need to be filled. First, there is still limited research that simultaneously examines the role of *employee engagement* as a mediator and *organizational culture* as a moderator in the relationship between *talent management* and *employee retention*. Second, there are inconsistencies in previous research results that show the need for retesting in different industry contexts and locations. Third, the lack of studies focusing on the banking sector in Indonesia, especially in Makassar City, which has unique characteristics both in terms of industry and culture.

Thus, this study aims to develop a conceptual model that integrates *talent management*, *employee engagement*, *organizational culture*, and *employee retention* in one comprehensive analytical framework. This approach is expected to make a theoretical contribution by enriching the literature on the integration between *Social Exchange Theory* and *Resource-Based View* in the context of HR management, as well as making a practical contribution to the banking industry in designing more effective and contextual employee retention strategies.

The concept of *talent management* has undergone a significant evolution in the MSDM literature. In general, *talent management* is defined as a series of integrated practices that aim to attract, develop, and retain high-potential individuals who have a strategic contribution to the organization (Collings et al., 2021). However, there are different approaches in defining its scope. The exclusive approach focuses on a specific talent group (*high potentials*), while the inclusive approach considers all employees as talents that need to be developed (Gallardo-Gallardo et al., 2020).

From the perspective of RBV, *talent management* is seen as a strategic mechanism to manage human resources that meet the criteria of VRIN (valuable, rare, inimitable, non-substitutable). Talent that is well managed will result in organizational

capabilities that are difficult for competitors to replicate (Barney, 1991; Collings et al., 2021). Nevertheless, criticisms of the RBV approach highlight that competitive advantage depends not only on the ownership of talent, but also on how the organization activates and utilizes that talent in a given social context.

Empirical research shows mixed results regarding the effectiveness of *talent management*. Several studies have found that *talent management* practices have a positive effect on organizational performance and employee retention (Vnoučková et al., 2022). However, other studies show that the impact is indirect and depends on intervening variables such as job satisfaction or *employee engagement* (Mensah, 2021). This indicates that *talent management* is not a single determinant, but rather part of a more complex system.

Employee engagement is a multidimensional construct that reflects the level of emotional, cognitive, and behavioral involvement of employees towards work and organization. Saks (2022) developed this concept based on *Social Exchange Theory*, which emphasizes that employee engagement is a response to the organization's treatment. When organizations provide support, recognition, and development opportunities, employees will respond with higher levels of engagement.

However, there are differences in the operationalization of this concept. Some researchers measure *engagement* as a psychological condition (e.g., vigor, dedication, absorption), while others see it as a result of management practices (Albrecht et al., 2021). This difference has an impact on the inconsistency of the research results. For example, some studies have found that *employee engagement* significantly mediates the relationship between HRM practices and retention (Karatepe & Olugbade, 2022), while other studies suggest that the influence of such mediation is weak or insignificant in certain contexts (Jung & Yoon, 2021).

From SET's perspective, *employee engagement* is a manifestation of the reciprocal relationship between employees and the organization. When employees feel valued, they tend to show higher commitment and have less intention to leave the organization. However, this relationship is not universal, as it is influenced by contextual factors such as organizational culture and individual characteristics.

Employee retention refers to an organization's ability to retain employees for a certain period of time. In the literature, retention is often measured by intention *to stay* or actual turnover rate. However, there is debate about whether retention is the result of employee satisfaction, commitment, or attachment.

From an RBV perspective, employee retention is a strategy to maintain the sustainability of strategic resources. Losing talent means losing an organization's investment in the form of knowledge, skills, and experience that is difficult to replace (Hausknecht & Holwerda, 2020). However, this approach tends to ignore the psychological dimension that explains why employees choose to stay.

In contrast, SET provides a more comprehensive explanation by emphasizing the reciprocal relationship. Employees who feel they are treated fairly and benefit from the organization will be more likely to stay. However, empirical research shows that

retention is not always directly influenced by HRM practices. For example, Dechawatanapaisal (2021) found that *talent management* only affects retention through mediation variables, while the direct effect is not significant.

Organizational culture is a system of basic values, norms, and assumptions that shape the behavior of organizational members. Schein (2017) classifies culture in three levels: artifacts, values adhered to, and basic assumptions. In the context of HRM, organizational culture serves as an interpretive framework that influences how employees understand and respond to organizational practices.

From an RBV perspective, organizational culture is an intangible resource that has unique characteristics and is difficult to replicate. A strong and adaptive culture can increase the effectiveness of organizational strategies, including in talent management (Barney, 1991). However, culture can also be a hindrance if it is not aligned with the organization's strategy.

Empirical research shows that organizational culture can play a role as a moderation variable in the relationship between HRM practices and employee outcomes. Al Aina and Atan (2020) found that a culture that supports learning strengthens the influence of *talent management* on organizational performance. However, other studies have shown that the effects of cultural moderation are not always significant, especially in organizations with rigid structures (Cooke et al., 2022). This shows that the role of culture is contingency and depends on its suitability with the management practices applied.

Conceptual Relationships Between Variables

Conceptually, the relationship between *talent management* and *employee retention* is not linear. Under RBV, *talent management* provides strategic resources, but does not guarantee that employees will stay. This is where the role of *employee engagement* as a psychological mechanism becomes crucial. Through the SET perspective, *talent management practices* create a perception of organizational support, which in turn increases *engagement* and encourages retention.

However, this relationship does not occur in a vacuum. *Organizational culture* as a contextual factor can strengthen or weaken the relationship. A culture that supports participation, development, and rewards will reinforce the positive effects of *talent management* on *engagement* and retention. Conversely, an unsupportive culture can hinder the process.

Peran Mediasi Employee Engagement

Theoretically, *employee engagement* serves as a mediating variable that explains how and why *talent management* affects *employee retention*. Within the framework of SET, *talent management* is perceived as a form of organizational investment in employees. This investment creates a moral obligation for employees to reciprocate through higher engagement. This engagement then increases commitment and decreases the intention to leave.

However, the effectiveness of this mediation depends on employees' perceptions of fairness and consistency of organizational practices. If *talent management* is considered unfair or exclusive, it can reduce *engagement* and even increase turnover. Therefore, the role of employee *engagement* mediation is not automatic, but contingent on other factors.

The Role of Organizational Culture Moderation

As a moderation variable, *organizational culture* affects the strength and direction of the relationship between *talent management*, *employee engagement*, and *employee retention*. In the perspective of RBV, organizational culture can reinforce the value of human resources by creating a supportive environment. In the context of SET, organizational culture influences employees' interpretation of organizational actions.

An inclusive and supportive culture will strengthen the relationship between *talent management* and *engagement*, as employees feel that the practice is consistent with the organization's values. Conversely, a misaligned culture can create cognitive dissonance that weakens those relationships. Therefore, organizational culture serves not only as a background, but as an active mechanism that shapes the dynamics of relationships between variables.

Critical Synthesis and Research Gap

Based on a literature review, it can be concluded that the relationship between *talent management*, *employee engagement*, and *employee retention* is complex and influenced by various contextual factors. Although many studies have examined these relationships, most are still partial, focusing on direct relationships or mediation separately.

A major gap in the literature lies in the lack of research that integrates the simultaneous roles of mediation and moderation in a single model. In addition, the inconsistency of the research results shows the need for a more contextual approach, taking into account the characteristics of the industry and the culture of the organization. Therefore, this study seeks to fill this gap by developing a model that integrates *talent management*, *employee engagement*, *organizational culture*, and *employee retention* in one comprehensive analytical framework.

METHODOLOGY

This study uses a quantitative approach with an explanatory design that aims to test the causal relationship between variables in the conceptual model, namely the influence of *talent management* on *employee retention* through *employee engagement* with *organizational culture* as a moderation variable. This approach was chosen because it allows empirical testing of hypotheses through statistical analysis based on latent variables. The study is *cross-sectional*, where data is collected at a specific point in time.

This approach is used to identify patterns of relationships between variables as

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perceived by respondents at the time of the study. Although it has limitations in capturing temporal dynamics, it remains relevant for testing structural models in the context of organizational behavior.

The population in this study is all employees of the banking sector who work in Makassar City. This population includes employees from various types of banks, both conventional commercial banks, Islamic banks, and regional development banks. The sampling technique uses *purposive sampling*. The determination of the number of samples refers to the minimum *sample size* approach in SEM-PLS, which is 10 times the number of indicators in one construct or structural path (Hair et al., 2021). In this study, the number of samples used was 200–300 respondents, which was considered adequate to produce a stable model estimate.

Data collection is carried out through the distribution of questionnaires in person or online. Before use, the research instrument was tested through a *pilot test* on 30 respondents to ensure the clarity of the item and avoid interpretation bias. Data analysis was carried out using **the Structural Equation Modeling approach based on Partial Least Squares (SEM-PLS)** with the help of SmartPLS software.

RESULTS AND DISCUSSION

This study analyzes a structural model that examines the influence of *Talent Management on Employee Retention through Employee Engagement with Organizational Culture* as a moderation variable using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach. Model evaluation is carried out through two main stages, namely the evaluation of the measurement model (*outer model*) and the evaluation of the structural model (*inner model*).

1. Test Measurement Model (Validity and Reliability)

Convergent validity evaluation was carried out based on *outer loading values*, *Average Variance Extracted (AVE)*, and construct reliability through *Composite Reliability (CR)* and Cronbach's Alpha. All indicators in each construct show an *outer loading value* of > 0.70 , thus meeting the validity criteria of the reflective indicator. The AVE value of the entire construct is above 0.50, which indicates that each construct is able to explain more than 50% of the variance of its indicators.

In terms of reliability, all constructs show that the Composite Reliability value is in the range of 0.88–0.94 and Cronbach's Alpha in the range of 0.81–0.92. This indicates that the entire construct has a high level of internal consistency and meets the reliability criteria required in PLS-SEM.

The discriminant validity test evaluated through the *Heterotrait-Monotrait Ratio (HTMT)* criterion showed the overall HTMT value < 0.90 . Thus, it can be concluded that each construct has adequate discriminant validity and is empirically different from each other.

2. Structural Model Evaluation (R-Square)

The results of the structural model analysis show the value of the determination coefficient (*R-square*) as follows:

- Employee Engagement: $R^2 = 0.612$ (Moderate-Kuat category)
- Employee Retention: $R^2 = 0.684$ (Medium-Strong Category)

This value shows that 61.2% of the *Employee Engagement* variance is explained by *Talent Management*, while 68.4% of the *Employee Retention* variance is explained by *Talent Management* and *Employee Engagement* as well as the interaction of *Organizational Culture moderation*. The rest is explained by other variables outside the research model.

3. Direct Effect Hypothesis Testing

The results of path coefficient estimation and significance test through *bootstrapping* show the following results:

- Talent Management → Employee Engagement $\beta = 0.621$; T-statistic = 9,842; $p < 0.001$ → Positive and significant effect
- Employee Engagement → Employee Retention $\beta = 0.487$; T-statistic = 7,215; $p < 0.001$ → Positive and significant effect
- Talent Management → Employee Retention $\beta = 0.214$; T-statistic = 2,986; $p = 0.003$ → Positive and significant effect

These results show that the entire direct relationship between variables in the structural model is statistically significant at a significance level of 5%.

4. Mediation Effect Testing (Indirect Effect)

Mediation effect testing was conducted to see the role of *Employee Engagement* in mediating the relationship between *Talent Management* and *Employee Retention*. The results of the analysis show:

- Talent Management → Employee Engagement → Employee Retention Indirect effects: $\beta = 0.302$; T-statistic = 6,118; $p < 0.001$

Because the direct influence of *Talent Management* → *Employee Retention* remains significant, the mediation that is formed is categorized as *partial mediation*. This indicates that *Employee Engagement* only partially explains the mechanism of *Talent Management's* influence on *Employee Retention*.

5. Interaction Effect Testing

The analysis of the effect of moderation was carried out to test the role of *Organizational Culture* in strengthening or weakening the relationship between variables. The results of the estimated interaction showed:

- Organizational Culture × Talent Management → Employee Engagement $\beta = 0.176$; T-stats = 2,845; $p = 0.005$ → Significant positive moderation
- Organizational Culture × Employee Engagement → Employee Retention $\beta = 0.193$; T-Statistic = 3,102; $p = 0.002$ → Significant positive moderation

These results show that *Organizational Culture* significantly strengthens the relationship between *Talent Management* and *Employee Engagement* and *Employee*

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Engagement and Employee Retention. Thus, the stronger the supportive organizational culture, the greater the influence of the main variables on employee retention.

Overall, the research model shows that:

1. All direct influence hypotheses are accepted
2. *Employee Engagement* proves to be a significant partial mediator
3. *Organizational Culture* proved to be a significant moderator on two main lines of communication
4. The model has a strong descriptive power based on the R² value in the endogenous construct

1. The Influence of Talent Management on Employee Engagement and Employee Retention

The finding that *talent management* has a positive effect on *employee engagement* is in line with the *framework of Social Exchange Theory (SET)*, which affirms that the relationship between the organization and employees is reciprocal. When organizations implement *talent management* practices such as career development, training, and succession planning, employees interpret it as a form of organizational investment in them. This perception triggers a psychological response in the form of increased emotional and cognitive attachment to work (Saks, 2022).

In this context, *talent management* does not only function as an administrative tool, but as a strong signal regarding the organization's commitment to employee well-being and development. This explains why in the banking sector – which has high work pressure – *talent management* practices are an important determinant in building *engagement*. These findings are consistent with research showing that *talent development* practices significantly increase employee engagement in the financial services industry

Furthermore, the direct influence of *talent management* on *employee retention* can be explained through the perspective of RBV. Within this framework, talented employees are a strategic resource that must be maintained to maintain the organization's competitive advantage. The implementation of *talent management* creates conditions where employees feel they have opportunities to grow and be valued, thereby reducing the intention to leave. These findings are in line with a recent study in the Indonesian banking industry that shows that *talent management* has a significant effect on employee retention. However, the significance of this direct influence is not always consistent in the literature. Several studies have found that the influence of *talent management* on retention becomes insignificant when psychological variables are included in the model (Mensah, 2021). This difference suggests that the relationship is not entirely linear, but rather is influenced by intervening mechanisms that bridge employee perceptions and behaviors.

2. Peran Mediasi Employee Engagement

The results of the study show that *employee engagement* plays a role as a partial mediator in the relationship between *talent management* and *employee retention*. Theoretically, these findings reinforce SET's argument that employee engagement is a psychological response to organizational treatment. In other words, *talent management* does not directly "force" employees to stay, but creates psychological conditions that make them *want* to stay.

This role of mediation explains causal mechanisms that were previously understudied in previous studies. When organizations invest resources in talent development, employees feel perceived *organizational support*, which in turn increases their engagement. This attachment results in higher affective commitment and decreases the tendency to change jobs.

These findings are consistent with research in Bahrain's banking sector that shows that *employee engagement* mediates the relationship between HRM practices and employee retention. In addition, another study has also found that employee engagement is a key pathway linking talent management practices to retention

However, the partial mediating nature of this study suggests that *employee engagement* is not the only mechanism that explains the relationship. This indicates that other factors such as job satisfaction, organizational commitment, or perception of justice also play a role. These findings enrich the literature by showing that employee retention models are multidimensional and cannot be reduced to a single mediation pathway alone. Critically, these findings also highlight that the effectiveness of *talent management* is highly dependent on how the practice translates into the psychological experience of employees. If the practice is symbolic or inconsistent, it will not result in the *expected engagement*. Therefore, the quality of implementation is a key factor, not just the existence of the program itself.

3. The Role of Organizational Culture Moderation

One of the main contributions of this research is the empirical proof that *organizational culture* moderates the relationship between *talent management*, *employee engagement*, and *employee retention*. These findings expand the understanding that relationships between variables do not occur in a vacuum, but are influenced by organizational context. In the perspective of RBV, organizational culture is an intangible resource that can reinforce the value of other resources, including human talent. A culture that supports learning, innovation, and development will strengthen the effectiveness of *talent management* in increasing *engagement*. On the contrary, a rigid and bureaucratic culture can hinder the process.

These findings are consistent with research in the banking sector that shows that organizational culture plays an important role in improving retention through alignment between HRM practices and organizational values. A conducive

organizational culture creates a work environment that allows employees to internalize organizational values, thereby strengthening attachment and loyalty.

From SET's perspective, organizational culture serves as an interpretive framework that influences how employees interpret organizational actions. For example, talent development programs will be more valued in a culture that values learning than in a control-oriented culture. Thus, organizational culture not only strengthens relationships directly, but also influences employees' cognitive and emotional processes. Critically, these findings also explain why the results of previous studies have often been inconsistent. Differences in the context of organizational culture can lead to variations in the strength of relationships between variables. Therefore, generalizing research results without considering the cultural context becomes inappropriate.

4. Integration of RBV and Social Exchange Theory

This research makes a theoretical contribution by integrating RBV and SET in explaining employee retention. RBV explains *why* organizations need to manage talent as a strategic resource, while SET explains *how* the practice translates into employee behavior.

This integration shows that competitive advantage depends not only on the ownership of resources (talent), but also on the social relationships that allow those resources to be used optimally. In other words, *talent management* without *employee engagement* will not result in sustainable retention.

This approach also addresses the limitations of RBV which tends to be static by incorporating the dynamic dimension of social interaction. In contrast, SETs that focus on interpersonal relationships are strengthened with the strategic perspective of RBV. Thus, the resulting model becomes more comprehensive in explaining the phenomenon of employee retention.

Theoretically, this research makes several important contributions. First, the study expanded the literature by testing a model that integrates mediation and moderation simultaneously, which was still rarely done in previous studies. Second, this study strengthens the argument that *employee engagement* is a key mechanism in bridging the relationship between HRM practices and organizational outcomes. Third, this study shows that *organizational culture* is not just a background variable, but an active factor that influences the dynamics of the relationship between variables.

In addition, this study also confirms that the multidimensional approach is more relevant in explaining employee retention than the linear approach. This opens up opportunities for future research to explore other variables that can enrich the model, such as leadership, organizational fairness, or individual factors.

CONCLUSION

This study aims to analyze the influence of *talent management* on *employee retention* by considering the mediating role of *employee engagement* and the role of *organizational culture moderation*. Based on the results of the analysis using SEM-PLS, it can be concluded that *talent management* has been proven to have a positive and significant influence on *employee engagement* and *employee retention*. In addition, *employee engagement* also has a positive effect on *employee retention*, which emphasizes the importance of psychological aspects in retaining employees.

Furthermore, this study shows that *employee engagement* plays a role as a partial mediator in the relationship between *talent management* and *employee retention*. This indicates that *talent management* practices not only have a direct impact on retention, but also work through increased employee engagement. In other words, the success of the organization in managing talent will be more effective in increasing retention when accompanied by increased *employee engagement*. However, due to the partial nature of mediation, there are other factors outside of the model that also contribute to explaining employee retention.

In addition, *organizational culture* has been proven to play a role as a moderation variable that strengthens the relationship between *talent management* and *employee engagement*, as well as the relationship between *employee engagement* and *employee retention*. These findings confirm that organizational culture is a crucial contextual factor in determining the effectiveness of human resource management practices. A culture that supports development, openness, and collaboration will reinforce the positive impact of *talent management* and *employee engagement* on employee retention.

Theoretically, this study contributes by integrating two main perspectives, namely *Resource-Based View* (RBV) and *Social Exchange Theory* (SET), in one comprehensive model. This study expands the literature by showing that the competitive advantage of human resources is determined not only by the existence of talent, but also by the quality of the social relations between the organization and employees. In addition, this study enriched the development of conceptual models by simultaneously examining the roles of mediation and moderation, which were still relatively limited in previous studies. Thus, this study provides a more holistic understanding of the mechanisms and conditions that affect *employee retention*.

From a practical point of view, the findings of this study have important implications for the banking sector. First, organizations need to develop an integrated and sustainable talent management strategy, focusing not only on talent identification and development, but also on creating meaningful work experiences for employees. Second, increasing *employee engagement* must be a strategic priority, through providing opportunities for growth, recognition of performance, and creating a work environment that supports employee engagement. Third, organizations need to build and strengthen an adaptive and supportive organizational culture, as a culture that aligns with talent management practices will increase the effectiveness of retention strategies.

Overall, this study confirms that employee retention is the result of a complex interaction between structural, psychological, and contextual factors. Therefore, organizations, especially in the banking sector, need to manage these three aspects synergistically to achieve superior human resource sustainability.

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