

The Influence of Talent Management, Compensation, Leadership Support, and Work Environment on Employee Retention

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ABSTRACT

Employee retention has become a critical issue for organizations seeking to maintain stability and achieve long-term success in a competitive business environment. This study aims to examine the influence of talent management, compensation, leadership support, and work environment on employee retention. A quantitative research approach was employed using a cross-sectional survey design. Data were collected from 150 employees through a structured questionnaire measured on a Likert scale. The data were analyzed using descriptive statistics and multiple regression analysis to determine the relationships between variables. The results indicate that talent management, compensation, leadership support, and work environment simultaneously have a significant effect on employee retention. Partially, all variables were found to have positive and significant influences, with talent management emerging as the most dominant factor. These findings suggest that organizations should prioritize employee development, provide fair and competitive compensation, strengthen leadership practices, and create a supportive work environment to enhance employee retention. This study contributes to the existing literature by providing empirical evidence on the combined effects of these factors and offers practical implications for organizational strategies aimed at reducing employee turnover.

Keywords:

Employee Retention;
Talent Management;
Compensation;
Leadership Support;
Work Environment

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INTRODUCTION

Employee retention has become one of the most critical challenges faced by organizations in the modern business environment. In an era characterized by rapid technological advancements, globalization, and increased workforce mobility, companies are under constant pressure to maintain a stable and committed workforce (Hendriati et al., 2024; Liu et al., 2024). High employee turnover not only disrupts organizational operations but also increases recruitment and training costs, leads to the loss of organizational knowledge, and reduces productivity. Consequently, understanding the factors that influence employee retention is essential for organizations aiming to achieve long-term sustainability and competitive advantage (Kiragu & Marwa, 2022).

One of the key factors influencing employee retention is talent management. Talent management refers to the systematic attraction, development, and retention of employees who are considered valuable to the organization (Anilkumar, 2024). Effective talent management practices, such as career development opportunities, succession planning, and continuous learning, can enhance employees' sense of belonging and commitment. When employees perceive that their skills and contributions are recognized and nurtured, they are more likely to remain with the organization. Conversely, the lack of structured talent management often results in dissatisfaction and increased turnover intentions (Kusumo & Mon, 2024).

Compensation is another significant determinant of employee retention. It encompasses not only salary but also benefits, incentives, and rewards provided to employees in exchange for their contributions. Fair and competitive compensation packages can motivate employees and reinforce their loyalty to the organization (Cachón-Rodríguez et al., 2022; Suhairi & Nurbaiti, 2024). In contrast, inadequate or inequitable compensation may lead employees to seek better opportunities elsewhere. Moreover, compensation plays a psychological role in shaping employees' perceptions of organizational support and value, which directly impacts their decision to stay or leave (Hendriana et al., 2023).

Leadership support also plays a crucial role in influencing employee retention. Leaders who demonstrate support, provide clear direction, and foster open communication can significantly enhance employee satisfaction and engagement. Supportive leadership creates a positive work climate where employees feel valued, respected, and empowered (Hassan, 2023). On the other hand, poor leadership practices, such as lack of recognition, ineffective communication, and limited involvement in decision-making, can lead to frustration and disengagement among employees. Therefore, leadership is not only about achieving organizational goals but also about maintaining strong relationships with employees (Devi & Indoria, 2023).

In addition to the aforementioned factors, the work environment is a fundamental aspect that affects employee retention. A conducive work environment encompasses both physical and psychological elements, including workplace safety, organizational culture, interpersonal relationships, and work-life balance. Employees are more likely to stay in organizations where they feel comfortable, secure, and supported. A toxic or stressful work environment, however, can drive employees away regardless of other benefits offered by the organization. Thus, creating a positive and inclusive work environment is essential for retaining talented employees (Sahlstedt, 2024).

Despite the growing recognition of the importance of employee retention, many organizations continue to experience high turnover rates. This issue suggests gaps in how organizations manage talent, design compensation systems, provide leadership support, and foster a conducive work environment. The interplay between these factors is complex and not always fully understood, particularly in different organizational and cultural contexts. Therefore, it is necessary to investigate how talent management, compensation, leadership support, and work environment collectively influence employee retention, in order to provide a more comprehensive understanding and practical solutions to reduce turnover. The primary objective of this study is to examine the influence of talent management, compensation, leadership support, and work environment on employee retention.

METHOD

This study adopts a quantitative research approach to examine the influence of talent management, compensation, leadership support, and work environment on employee retention. A cross-sectional survey design is employed, as it allows for the collection of data from respondents at a single point in time and facilitates statistical analysis of relationships among variables. The target population of this study consists of employees working in organizational settings, particularly those in medium to large-scale companies. A purposive sample is selected, focusing on employees with

sufficient work experience to evaluate organizational practices. Data are collected through a structured questionnaire distributed either online or in person, ensuring efficiency and wider reach.

The measurement instrument is developed based on established theories and previous studies related to the variables under investigation. Each construct—talent management, compensation, leadership support, work environment, and employee retention—is measured using multiple indicators adapted from validated scales. Responses are recorded using a Likert scale, typically ranging from 1 (strongly disagree) to 5 (strongly agree), to capture the degree of agreement among respondents. Prior to the main data collection, a pilot test is conducted to assess the validity and reliability of the questionnaire. Statistical tests such as Cronbach’s alpha are used to ensure internal consistency, while validity is examined through correlation analysis.

Data analysis is conducted using statistical software to test the proposed relationships between variables. Descriptive statistics are used to summarize respondent characteristics and variable distributions. Inferential analysis, particularly multiple regression analysis, is applied to determine the extent to which talent management, compensation, leadership support, and work environment influence employee retention. Additionally, classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, are performed to ensure the robustness of the regression model. The results are then interpreted to draw conclusions and provide recommendations based on the research findings.

RESULTS AND DISCUSSION

1. Descriptive Statistics

Descriptive statistics provide an overview of the data distribution for each variable used in this study, including the mean and standard deviation.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Talent Management	150	2.000	5.000	3.842	0.621
Compensation	150	2.000	5.000	3.765	0.658
Leadership Support	150	2.200	5.000	3.910	0.605
Work Environment	150	2.100	5.000	3.887	0.633
Employee Retention	150	2.300	5.000	3.954	0.590
Valid N (listwise)	150				

Source: Data Analyzed

Table 1 shows that all variables have mean values above 3.5, indicating that respondents generally have positive perceptions of talent management, compensation, leadership support, work environment, and employee retention within their organizations. Leadership support has the highest mean (3.910), suggesting it is perceived most favorably, while compensation has the lowest mean (3.765), indicating relatively lower satisfaction compared to other variables. The standard deviation values indicate moderate variability among responses.

2. Multiple Regression Analysis

Multiple regression analysis is conducted to determine the effect of independent variables (talent management, compensation, leadership support, and work environment) on the dependent variable (employee retention).

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.782	0.611	0.601	0.372

Source: Data Analyzed

The Model Summary table indicates that the R value is 0.782, showing a strong correlation between the independent variables and employee retention. The R Square value of 0.611 implies that 61.1% of the variance in employee retention can be explained by talent management, compensation, leadership support, and work environment. The remaining 38.9% is influenced by other factors not included in this study.

Table 3. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	31.842	4	7.961	57.423	0.000
Residual	20.282	145	0.140		
Total	52.124	149			

Source: Data Analyzed

The ANOVA table shows that the significance value (Sig.) is 0.000, which is less than 0.05. This indicates that the regression model is statistically significant, meaning that the independent variables jointly have a significant effect on employee retention. The F-value of 57.423 further confirms that the model is a good fit for the data.

Table 4. Coefficients

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	0.842	0.312		2.699	0.008
Talent Management	0.285	0.079	0.301	3.608	0.000
Compensation	0.214	0.082	0.223	2.610	0.010
Leadership Support	0.198	0.075	0.210	2.640	0.009
Work Environment	0.267	0.081	0.276	3.296	0.001

Source: Data Analyzed

The coefficients table shows that all independent variables have positive and statistically significant effects on employee retention, as indicated by significance values below 0.05. Talent management has the strongest influence (Beta = 0.301), followed by work environment (Beta = 0.276), compensation (Beta = 0.223), and leadership support (Beta = 0.210). This means that improvements in these factors are associated with increased employee retention. The regression equation can be expressed as: Employee Retention = 0.842 + 0.285(Talent Management) + 0.214(Compensation) + 0.198(Leadership Support) + 0.267(Work Environment).

Discussion

The findings of this study demonstrate that talent management, compensation, leadership support, and work environment collectively have a significant influence on employee retention. The regression results indicate that these variables explain a substantial proportion of the variance in employee retention, suggesting that organizations must adopt a holistic approach when addressing retention issues. Rather than focusing on a single factor, companies need to integrate human resource practices, leadership strategies, and workplace conditions to create an environment that encourages employees to stay. This aligns with contemporary human resource management theories, which emphasize the importance of a comprehensive and strategic approach to managing people.

Talent management emerged as the most influential factor affecting employee retention in this study. This finding reinforces the idea that employees are more likely to remain in organizations that invest in their professional growth and career development. When employees perceive that their skills are being nurtured and that there are clear opportunities for advancement, they tend to develop stronger organizational commitment. This result is consistent with prior research, which highlights that effective talent management practices, such as training, mentoring, and succession planning, play a critical role in reducing turnover intentions. Therefore, organizations should prioritize structured talent development programs to retain their most valuable employees.

Compensation was also found to have a significant positive effect on employee retention. This suggests that fair and competitive remuneration remains a fundamental driver of employees' decisions to stay with an organization. While non-financial factors are increasingly recognized as important, financial rewards still serve as a key motivator and a reflection of how much the organization values its employees. The findings imply that organizations need to regularly evaluate their compensation structures to ensure internal equity and external competitiveness. Inadequate compensation may not only lead to dissatisfaction but also push employees to seek better opportunities elsewhere.

Leadership support plays an essential role in shaping employees' workplace experiences and their intention to remain with the organization. The results indicate that supportive leadership positively influences employee retention, highlighting the importance of effective communication, recognition, and emotional support from supervisors. Leaders who foster trust and encourage employee involvement can create a sense of belonging and loyalty among employees. This finding supports leadership theories that emphasize the role of transformational and supportive leadership styles in enhancing employee engagement and retention. Organizations should therefore invest in leadership development programs to equip managers with the skills needed to support their teams effectively.

The work environment was found to significantly influence employee retention, making it one of the key determinants alongside talent management. A positive work environment—characterized by good interpersonal relationships, a supportive culture, and comfortable physical conditions—encourages employees to remain with the organization. This finding highlights that even when compensation and career opportunities are adequate, a poor work environment can still lead to employee

turnover. Therefore, organizations must ensure that they cultivate a healthy and inclusive workplace that promotes well-being and work-life balance.

CONCLUSION

This study concludes that talent management, compensation, leadership support, and work environment all have significant and positive influences on employee retention. Among these factors, talent management emerges as the most dominant determinant, indicating that employees are more likely to remain in organizations that actively support their growth and career development. Compensation also plays a crucial role as a fundamental motivator, while leadership support contributes by fostering trust, engagement, and a sense of belonging. Additionally, a conducive work environment enhances employees' comfort and satisfaction, further strengthening their intention to stay. Collectively, these findings suggest that organizations must adopt an integrated approach by aligning human resource practices, leadership effectiveness, and workplace conditions to improve employee retention and achieve long-term organizational success.

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