

The Effect of Talent Management on Employee Retention Mediated by Organizational Justice and Talent Perception Congruence

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ABSTRACT

This study aims to determine the direct effect of talent management on employee retention and the indirect effect mediated by organizational justice and the talent perception congruence. Talent management is a strategy that is believed to minimize employee turnover through retention, namely by managing talented employees owned by the organization and then retaining these employees. This study is quantitative research conducted on 140 employees from private and public companies (BUMN) in Indonesia. The analysis used Structural Equation Modelling (SEM) with the help of the SmartPLS 3 application. The results of this study indicate that there is a direct effect of talent management on employee retention and an indirect effect mediated by organizational justice. However, the results show that the talent perception congruence cannot mediate the effect of talent management on employee retention. This study has several limitations that can be considered for future research. This study also provides theoretical implications for the literature and managerial implications for HR practitioners in organizations to assess talent management's effect on employee retention.

Keywords: Talent management, organizational justice, talent perception congruence, employee retention

1. INTRODUCTION

Currently, the global market is growing and changing rapidly. Organizations seek to achieve competitive advantage by using the human resources they employ as one of the most valuable resources to help and realize these goals. Companies have realized that their employees' talent, skills, and knowledge are their most valuable assets [1,2,3]. Several issues, which are talented employee turnover, which plays a critical role in determining organizational efficacy, remain unresolved, even though discussions on productivity and effectiveness are progressing well [4]. Since the cost of replacing talent involves high turnover, there is a need to develop an integrative retention policy to address such types of problems. Companies must retain their talented employees from this turnover by minimizing it through employee retention [5].

Employee retention is crucial because it keeps the organization on track [6]. Employee retention is essential because it will significantly impact employee performance and organizational profitability [7].

Employee retention relates to retaining talented and ordinary employees, from being replaced to remaining with the organization. Loss of cost due to key talent owned by an employee is significantly greater because the impact and contribution of that employee are greater than that of other employees [8].

Survey results from Tower Watson [9], a global and world-leading Human Resources consulting firm, in the 2014 Talent Management and Rewards Study show that more than 70 percent of companies have difficulty recruiting and retaining a competent workforce based on the survey. This survey was conducted on 1,637 companies with 36 companies in Indonesia. Loss of cost due to key talent possessed by an employee is significantly greater because the impact and contribution of that employee are greater than that of other employees [8,4]. And currently, the labor market is dominated by workers from the millennial generation. Nowadays is an era for millennials to work and develop themselves, so companies or organizations need to manage and maintain these millennials because they are people who carry out

innovation and renewal required by companies or organizations [10].

When an organization loses a talented employee, it can harm their performance and future success. Attracting, developing, and retaining talented workforces is a strategic priority for any organization [11] because they are a vital source of competitive advantage [12]. This statement demonstrates that talent management is popular among experts and academics since its practicality. When it comes to managing talented employees, investing in talent management has been beneficial. Organizations with further talent management efforts surpass their peers or competitors in their industry [13]. Then according to Narayanan et al. [4] explaining that a positive affiliation exists between talent management and employee retention.

Even in Indonesia, talent management is being talked about a lot. Currently, the demographic period for the working-age community in Indonesia is dominated by Generation Y or Millennials [14]. This generation is considered a job seeker who has the characteristics of changing jobs if they do not find a solid reason to keep working and become active job seekers throughout their careers [15]. Currently, the labor market is dominated by workers from the millennial generation to work and develop themselves, so companies or organizations need to manage and maintain these millennials because they carry out innovation and renewal needed by companies or organizations [10]. If the Indonesian labor market is currently dominated by Generation Y (millennials), companies need to develop the right strategy to attract and retain the millennial generation. One way to achieve this is to use talent management within the company or organization, which applies to both the private and public sectors. In today's business scenarios, talent management is known as a popular retention strategy for talented employees, but how talent management increases employee retention is an unexplored topic [4].

Talent management is the practice of differentiating a talented workforce from those not. Differentiating talented and unskilled employees creates a perception of justice among employees [16]. In previous studies, positive attitudes, such as intention to reduce employee turnover and drive for competency development, were demonstrated by benefited employees, i.e., those considered high-potential or talented employees [17]. Talent management elicits various responses between high-potential and low-potential employees and influences perceived justice in organizational systems. The effect of talent management on employee relationships, such as turnover intentions, can be better understood using the perception of organizational justice theory [16]. Then, many researchers examined the effect of perceived justice on employee turnover in various contexts and found that high-justice employees were less likely to leave the organization [18,19,20,21].

Furthermore, because organizations have different definitions of talent in their talent management programs, they can misunderstand talent. This can lead to the perception of talents such as positive talent perception congruence, positive talent perception incongruence, negative talent perception congruence, and negative talent perception incongruence [22,4]. For example, employees perceive themselves as talented within the organization and receive a talent status, called positive talent perception congruence. On the other hand, employees do not recognize themselves as talents within the organization but receive a talent image, which can be viewed as a positive talent perception incongruence. Similarly, employees perceive themselves as untalented and do not receive a talent status, resulting in a negative talent perception congruence, and employees see themselves as talent, but they don't get a talent image, which leads to negative talent perception incongruence [4]. Congruence and incongruence in perceptions of talent can predict employee performance in different ways, but achieving talent status consistent with self-image always predicts positive outcomes such as employee retention.

Previous work by Narayanan et al. [4] provides a conceptual framework for the relationship between talent management and employee retention, mediated by organizational justice and talent perception congruence. This study further seeks to develop the previous framework with the empirical research conducted in Indonesia. This study aims to analyze the effect of talent management on employee retention. It also mediates the role of organizational justice and talent perception congruence in their relationships from the employee perspective.

2. LITERATURE REVIEW

2.1. The Effect of Talent Management on Employee Retention

Talent management is a practice of differentiating a talented workforce from those not. The literature supports this on strategic human resource management, which argues for the positive impact of employees differentiation at the organizational level [23], especially in achieving organizational strategic goals. However, studies examining employee perspectives on workforce differentiation are still limited [24]. Since employees' reactions to workforce differentiation reflect the reciprocity among employees and the organization, Social Exchange Theory (SET) explains this relationship.

The Social Exchange Theory (SET) framework was used to predict employee-level human resource management outcomes such as employee motivation, employee commitment, and intention to stay with the organization [25]. Applying SET to talent management

means organizations can feel obligated to respond positively and perform better when investing in their employees. SET can provide a convincing explanation for the impact of talent management on employee retention-like behavior [26]. Practitioners consider talent management as an important retention strategy for talented employees [27,28]. Empirical studies have shown that employees who benefit from talent management systems are less likely to leave the organization [29,17,26]. In summary, the effect of talent management in employee retention can be summarized as follows:

H1: Talent management has a significant effect on employee retention

2.2 The Role of Organizational Justice in Mediating the Effect of Talent Management on Employee Retention

As already explained, talent management is a labor differentiation practice. While employee differentiation can be justified strategically, there is no doubt that it fosters employee perceptions of justice [16]. Previous research has shown that positive attitudes such as intention to reduce employee turnover and promoting competency development are demonstrated by benefited employees, i.e., those perceived as high potential [17]. In addition, Marescaux, De Winne, and Sels also confirmed the negative consequences of labor differentiation [30].

Talent management elicits different responses between high-potential and low-potential employees and affects perceived justice in the system. The effect of talent management on employee attitudes, such as turnover intentions, can be better understood using the theory of perceived organizational justice [16]. Several literature sources describe the relationship between perception of organizational justice and its effect on exclusive talent management and employee engagement [31,32,33,34,35]. Perception of organizational justice is an employee's subjective perception of the employee's relationship with their organization [36] and is directly related to the quality of this relationship [37,38]. If employees perceive their organization's talent management program to be unfair, this may have a negative impact on their perception of organizational justice [33,39]. Therefore, the following hypothesis can be formulated:

H2: Talent management has a significant effect on organizational justice

It is essential to observe the predictors that lead to employee turnover because employee turnover is the best predictor of actual turnover [40], and employee turnover entails high costs for organizations because they negatively affect their effectiveness [41]. Many researchers later explored the effect of perceived justice

on employee turnover in a variety of contexts, and they found that employees who perceived higher justice were less likely to leave the organization [21,20,18,19].

The concept of organizational justice has become important in social science research, with the dimensions most often described are distributive justice, procedural justice, and interactional justice [36,42,43]. Researchers found that employee perceptions of justice were related to perceptions of organizational support [44,45], organizational commitment [46,47,48], trust [49], and job satisfaction and pay [50,51] that intervene in the relationship between perceived justice and employee turnover. The role of perceived organizational justice in determining employee turnover is determined empirically. So that the hypothesis can be formulated as follows:

H3: Organizational justice has a significant effect on employee retention

Talent management is a workforce differentiation practice. Talent management elicits different responses between high-potential and low-potential employees and affects the perceived justice of the system [4]. Research has shown that organizational justice is an important predictor of employee turnover [52,43], and talent management drives justice awareness [33]. This leads to the assumption that equity can disrupt the relationship between talent management and employee retention. Talent management is a complex issue, so managing your employees fairly is essential, especially for those with low potential. This can play an important role in determining employee turnover intentions [53]. Based on the literature review above, the role of organizational justice in the relationship between talent management and retention can be summarized as follows:

H4: Organizational justice mediates the effect of talent management on employee retention

2.3 The Role of Talent Perception Congruence in Mediating the Effect of Talent Management on Employee Retention

In fact, organizations differ significantly in their perspectives on talent. The general difference is in the perspective that makes organizations pay attention to whether talent is viewed as relating to a particular group of employees or all employees [2]. Most organizations that make distinctions between groups of employees are less likely to label certain groups as talents. Because organizations differ in defining talent in their talent management programs, misunderstanding about talent can occur. This leads to a variable called "talent perception incongruence" proposed by Sonnenberg, van Zijderveld, and Brinks [22].

Sonnenberg, van Zijderveld, and Brinks found that talent perception incongruence arises in situations in

which organizational leaders see individuals as organizational talents, and in conditions where individuals are unaware of them, and conversely in cases in which organizational leaders do not recognize individuals as talents for organizations, while individuals realize their talents [22]. These differences can lead to negative consequences for organizations and their employees, such as increased employee turnover and associated costs. When there is a talent perception congruence, it is reasonable to expect that talent management practices will not target the wrong employees. Suppose employees are not aware that they are viewed as talents by the organization. In this case, they may not participate in the talent management practices, and the applied talent management practices will lose their effectiveness. On the other hand, when employees perceive themselves as talented for the organization and the organization's leaders are not, talent management practices send the wrong message, leaving room for frustration for employees. So it can be summarized as a hypothesis as follows:

H5: Talent management has a significant influence on the talent perception congruence

In the relationship between talent management and employee attitudes, the role of talent perception congruence is important. The concept of congruence is detailed in Carl Rogers' Concepts of Client-Centered Personality [54]. There are several occasions when discrepancies develop between individuals' self-perceptions and their actual experiences. Such a difference is called the congruence between self and experience. When a congruence occurs, they can use defense mechanisms such as rejection or repression to avoid unwanted emotions.

By introducing this concept to the marketing scenario, Sirgy presented a theory of self/product image congruence and various self/product image congruences, arguing that purchase motives are different [55]. Positive self-congruence had the strongest influence on purchase motivation among the other congruence states, followed by negative self-congruence. In terms of human resources, Yurchisin, Park, and O'Brien found that employees with their/appropriate self-images preferred to leave work or stay in the organization [56]. Then it can be concluded as follows:

H6: The talent perception congruence has a significant effect on employee retention

In the context of talent management, there is a possibility that organizations identifying talented employees are not in line with employees' self-image [4]. Employees may perceive themselves as talent within the organization and receive a talent status, which is a positive talent perception congruence, and employees may not recognize themselves as talent within the organization but receive talent image that can be

considered positive talent perception incongruence. Similarly, employees do not perceive themselves as talents and do not receive a talent status, creating a negative talent perception congruence. Employees can recognize them as talents, but they do not receive talent image, so negative talent perception incongruence occurs. Therefore, talent perception congruence can play an important role in studying the relationship between talent management and employee retention, and hypothesize that:

H7: Talent perception congruence mediates the effect of talent management on employee retention

3. RESEARCH METHOD

3.1 Data Collection and Sample

The data in this study focuses on employees who work at companies equivalent to incorporated companies (PT) in Indonesia. To focus on the targeted research sample, the researchers set the criteria for the research sample as follows: (1) male and female, (2) age around 25 to 40 years, (3) education at least S1, (4) working in a company, both private and state-owned enterprises, and (5) have a minimum of 3 years work experience. The number of samples collected was 140 respondents from employees of the private and public incorporated companies (BUMN). Determination of the number of samples based on Soper's calculator called the A-priori Sample Size Calculator for Structural Equation – a calculator application to calculate the minimum number of samples needed in research using the Structural Equation Model (SEM) [57]. Online questionnaires are distributed to respondents who meet the above criteria using Google Form.

In determining the research sample, the researcher used purposive random sampling following the criteria mentioned. In this technique, sampling units are selected according to the purpose. This purposive random sampling aims to get research subjects according to predetermined criteria and to get accurate results [58].

3.2 Measurement Instrument

All measurement instruments use Indonesian. The researcher adopted the original measurement instrument, which was then translated into Indonesian and adapted to good and correct Indonesian so that respondents easily understood it in filling out the questionnaire.

Talent management. The talent management variable uses a measurement instrument from Tiwari & Shrivastava [59], which consists of 19 items with a Likert scale from 1 for "strongly disagree" to 5 for "strongly agree." In this measurement instrument, talent management initiatives refer to employees. This questionnaire helps determine the effectiveness of

management initiatives, including employee satisfaction with the perceived talent management practices.

Organizational justice. The organizational justice variable adopts the measurement instrument from Niehoff & Moorman [60], consisting of 20 items with three dimensions – distributive justice, procedural justice, and interactional justice. Organizational justice can be defined as the degree to which employees believe that their relationship with the organization is fair, equitable, and ethical. This relates, for example, to work schedules, salary levels, fair treatment from supervisors, etc. The Likert scale was used to measure the instrument using 1 for "strongly disagree" to 5 for "strongly agree."

Talent perception congruence. Employees can perceive themselves as talent in the organization and gain talent status. The talent perception congruence variable uses a measurement instrument adopted from Yurchisin et al. [56], which describes self-image congruence to assess the ideal self-image perceived by employees. This instrument is then combined with a measurement instrument from Jamal & Goode [61], which describes self-image congruence with consumer behavior constructs, such as brand preferences, brand attitudes, preference for product form, product choice, and consumer satisfaction. The items of talent perception congruence use 7 items and a Likert scale of 1 for "strongly disagree" to 5 for "strongly agree."

Employee retention. Employee retention is the intention of employees to stay with the organization. The items for the employee retention variable are based on the operationalization used in previous studies by Tett & Meyer [62] and Kyndt et al. [63]. The measuring instrument uses a survey from Kyndt et al. [63] with 11 question items. The measurement scale uses a Likert scale from 1 for "strongly disagree" to 5 for "strongly agree."

3.3 Data Analysis

Data analysis in this study used the Structural Equation Modeling (SEM) method and the SmartPLS 3 application developed by Ringle, Wende, & Becker [64]. When analyzing the data, the researcher used the SEM method to measure the measurement model, the structural model, and path analysis to test the effects of the causal model using a system of linear equations by making hypotheses about causal relationships between variables. Causal models can include indicator variables, latent variables, or both [65].

The reason for choosing the SEM method is that if we investigate employee retention as a component of H.R. research, the standard tools used in the empirical study are Structural Equation Modeling (SEM) [66,67,68,20,69]. The approach has developed a model that describes the dependency relationship between various factors and employee turnover. The advantage of

the SEM approach is that researchers can examine a relatively complex set of relationships that linear regression equations cannot refine. Since SEM consists of a measurement model and a structural model, the computation of SEM is more complex and produces more important outputs than the regression equation [70].

The decision to use SmartPLS was based on the assumption that Partial Least Square is an approximation to the SEM method without assumptions about the distribution of the data [71]. This makes PLS-SEM an excellent alternative when the following situations occur [72,73,74,70]: (1) the sample size is small; (2) the application has little theory available; (3) the data in SmartPLS analysis does not have to be normally distributed because SmartPLS uses bootstrapping.

In this study, organizational justice uses research instruments with 3 dimensions, namely distributive justice, procedural justice, and interactional justice. So, in processing data using second-order first to calculate the dimensions of organizational justice.

4. ANALYSIS

4.1 Preliminary Analyses

4.1.1. Sample Profile

As of the 140 respondents who filled out the questionnaire, 55% were women, and 45% were men. The age of respondents is focused on the millennial generation with an age range of 25-30 years by 53,5%, ages 31-35 years by 18,5%, and ages 36-40 years by 28%. The last education taken by respondents for undergraduates is 79%, and postgraduate is 21%, with private sector companies at 59% and BUMN at 41%. Respondents' tenure varied from 3-5 years by 49,5%, 6-10 years by 29,5%, 11-15 years by 17%, and for >15 years by 4%. Questionnaires were also distributed to employees in various regions in Indonesia, such as Jakarta, East Java, Sumatra, and some other areas.

4.1.2. Validity and Reliability Test

The validity and reliability test of the measurement instrument was tested using the analysis of the measurement model (outer model) on PLS-SEM. The test is evaluated based on the value of convergent validity, discriminant validity, and construct reliability.

4.1.2.1. Convergent Validity

Convergent validity is carried out to measure the validity of the indicator as a variable measure that can be seen from the outer loading value of each indicator variable. Suppose the outer loading value for each indicator is >0.70. In that case, the reliability of the indicator is good, but in the early stages of structural

Table 1. The value of outer loading for convergent validity test

	Talent Management	Distributive Justice	Procedural Justice	Interactional Justice	Organizational Justice	Talent Perception Congruence	Employee Retention
TMJ1	0,731						
TMJ2	0,771						
TMJ3	0,722						
TMJ4	0,663						
TMJ5	0,765						
TMJ6	0,746						
TMJ8	0,594						
TMJ9	0,802						
TMJ10	0,641						
TMJ11	0,697						
TMJ13	0,776						
TMJ14	0,689						
TMJ15	0,655						
TMJ16	0,623						
TMJ18	0,697						
TMJ19	0,805						
OJS1		0,916			0,753		
OJS2		0,871			0,716		
OJS3		0,878			0,681		
OJS4		0,812			0,755		
OJS5		0,842			0,716		
OJS6			0,857		0,826		
OJS7			0,844		0,765		
OJS8			0,859		0,815		
OJS9			0,705		0,574		
OJS10			0,848		0,784		
OJS11			0,815		0,690		
OJS13				0,819	0,798		
OJS14				0,816	0,750		
OJS15				0,843	0,793		
OJS16				0,883	0,783		
OJS18				0,779	0,702		
OJS19				0,796	0,787		
OJS20				0,844	0,745		
TPC1						0,851	
TPC2						0,583	
TPC3						0,887	
TPC4						0,827	
TPC5						0,869	
TPC6						0,829	
TPC7						0,822	

Table 1. (continue)

	Talent Management	Distributive Justice	Procedural Justice	Interactional Justice	Organizational Justice	Talent Perception Congruence	Employee Retention
ERT1							0,522
ERT2							0,899
ERT4							0,735
ERT5							0,626
ERT7							0,594
ERT9							0,773
ERT10							0,893

development, the outer loading value used is 0.4 - 0.5 [75]. The results of the outer loading to test the convergent validity of the measurement instrument showed that of 57 indicators, 48 indicators were declared convergently valid, and 9 items were considered invalid because they had an outer loading value <0.5, so they were excluded (see table 1). There are 16 indicators from the talent management variable convergently valid, with the outer loading values >0,5 in each indicator. The 18 indicators from organizational justice have outer loading values >0,5 were convergently valid, which is divided into 5 indicators of distributive justice, 6 indicators of procedural justice, and 7 indicators of interactional justice. The 7 indicators that convergently valid from talent perception congruence with the outer loading values >0,5. And the last 7 indicators were convergently valid from the employee retention variable.

Convergent validity can also be determined according to the principle that measuring items of a variable must be highly correlated [76]. Convergent validity is measured through a variable with reflective indicators seen from the AVE value. The AVE value must be greater than or equal to 0.5. This indicates that the variable can describe more than 50% of the distribution

Table 2. Average variance extracted (AVE) for convergent validity test

Variable	Average Variance Extracted (AVE) (>0,5)	Description
Talent Management	0,509	Valid
Distibutive Justice	0,748	Valid
Procedural Justice	0,677	Valid
Interactional Justice	0,683	Valid
Organizational Justice	0,560	Valid
Talent Perception Congruence	0,665	Valid
Employee Retention	0,537	Valid

of items [77,78]. The results of the AVE value, as shown in table 2, show that the talent management variable has an AVE value of 0.509 > 0.5, which is considered convergently valid. The organizational justice variable has an AVE value of 0.560 > 0.5, which is considered convergent validity with each dimension having an AVE value for distributive justice (0.748 > 0.5), procedural justice (0.677 > 0.5), and interactional justice (0.683 > 0.5). which is also considered to be convergently valid. The talent perception congruence has an AVE value of 0.665 > 0.5, which is measured as convergently valid. And lastly, the employee retention variable is also considered convergently valid because it has an AVE value of 0.537 > 0.5. After completing this convergent validity analysis, the researcher continued conducting a discriminant validity analysis.

4.1.2.2. Discriminant Validity

Discriminant validity testing is carried out to ascertain whether an indicator is included as a good measure of its variables based on the principle that each indicator must be highly correlated with only its variables. According to Ghozali & Latan [76], the measure of a different variable should not be highly correlated. The high value of discriminant validity means that a variable is unique, can explain the phenomenon being measured, and is completely different from other variables. The discriminant validity test on the SmartPLS application uses the value of cross-loading and Heterotrait-Monotrait (HTMT) [79].

The results of the discriminant validity analysis using the cross-loading value show that all 48 indicators offered are declared discriminantly valid. These indicators are the same as convergently valid items.

According to some experts, it is not enough to analyze discriminant validity with just the cross-loading value because the method is considered less sensitive in assessing discriminant validity. Then the Heterotrait-Monotrait Ratio of Correlations (HTMT) was used. HTMT is an analysis to evaluate discriminant validity

Table 3. HTMT for discriminant validity test

	Talent Management	Distributive Justice	Procedural Justice	Interactional Justice	Organizational Justice	Talent Perception Congruence	Employee Retention
Talent Management		0,749	0,765	0,864	0,876		0,798
Distributive Justice							
Procedural Justice		0,717		0,853	0,974		0,693
Interactional Justice		0,704					0,669
Organizational Justice		0,895		0,986			0,739
Talent Perception Congruence	0,685	0,596	0,602	0,624	0,676		0,563
Employee Retention		0,681					

using a multi-trait matrix as a basis for measurement. The HTMT value should be less than 0.9 (<0.9) to ensure discriminant validity between the two reflective variables [79]. The HTMT value to analyze the discriminant validity of this study is shown in table 3.

The results showed that based on the HTMT value, there were variables with HTMT values greater than 0.9, namely organizational justice, which could be said to lack discriminant validity. However, Henseler et al. [79] mention that because PLS-SEM does not depend on distribution assumptions, standard parametric significance tests cannot be applied to test whether the

Table 4. Composite reliability and cronbach’s alpha for construct reliability test

Variable	Composite Reliability	Cronbach's Alpha	Description
Talent Management	0,943	0,935	Reliable
Distributive Justice	0,937	0,915	Reliable
Procedural Justice	0,926	0,904	Reliable
Interactional Justice	0,938	0,922	Reliable
Organizational Justice	0,960	0,956	Reliable
Talent Perception Congruence	0,932	0,913	Reliable
Employee Retention	0,887	0,852	Reliable

HTMT statistic differs significantly from 1. Therefore, the researcher should rely on the bootstrapping procedure to derive the distribution of the HTMT statistic.

4.1.2.3. Construct reliability

Then the reliability test was carried out by looking at two types of measurements, namely through the value of composite reliability [80] and the value of Cronbach's Alpha. The composite reliability value of 0.6 - 0.7 is considered to have good reliability [78], and the expected Cronbach's alpha value is > 0.7 [76]. The following are the results of the composite reliability and Cronbach's Alpha values, as shown in table 4.

Based on the results in table 4, it shows that the composite reliability value for each variable is greater than 0.7, namely talent management (0.943 > 0.7); organizational justice (0.963 > 0.7) with its three dimensions which also have a value of more than 0.7; talent perception congruence (0.929 > 0.7); and employee retention (0.854 > 0.7). For Cronbach's Alpha, each variable is also greater than 0.7, namely talent management (0.948 > 0.7); organizational justice (0.966 > 0.7); talent perception congruence (0.932 > 0.7); and employee retention (0.887 > 0.7). From these results, it can be concluded that all variables have good reliability values and are reliable.

4.1.3. Structural Model Analysis (Inner Model)

After analyzing the measurement model (outer model), the next step is to analyze the structural model (inner model). In this inner model, testing will be carried

Table 5. F-square for inner model analysis

	Talent Management	Organizational Justice	Talent Perception Congruence	Employee Retention
Talent Management		2,308	0,744	0,156
Organizational Justice				0,045
Talent Perception Congruence				0,004
Employee Retention				

out to obtain the values of R-Square, Adjusted R-Square, and F-Square. For more details, the testing of these values is as follows.

4.1.3.1. F-Square

When analyzing this structural model (inner model), the researcher must also estimate the magnitude of the effect between variables using effect size or f-square [77]. Sarstedt et al. state that an f-square value of 0.02 has a small effect size, a value of 0.15 has a medium effect size, and a value of 0.35 has a large effect size [78]. And values less than 0.02 can be ignored or considered to have no effect. The results of the f-square value of this study are as shown in table 5.

From table 5, it can be explained that the effect of talent management on organizational justice has a large effect, namely $2.308 > 0.35$. Likewise, the effect of talent management on talent perception congruence also has a large effect, namely $0.744 > 0.35$. The influence of talent management on employee retention has a medium effect with an effect size value of 0.156 and is in the range between 0.15-0.35. Then the effect of organizational justice on employee retention has a small effect because the effect size value is 0.045 and is between 0.02 – 0.15. Finally, talent perception congruence on employee retention has an effect size value of $0.004 < 0.02$, so this influence is ignored.

4.1.3.2. R-Square dan Adjusted R-Square

R-square is a method for assessing the extent to which an exogenous variable can explain an endogenous variable with an expected R-square value between 0 and 1. Sarstedt et al. argue that an R-square value of 0.75 is considered a strong model; 0.50 is a moderate model, and

Table 6. R-square and adjusted r-square for inner model analysis

	R Square	R Square Adjusted
Organizational Justice	0,698	0,695
Talent Perception Congruence	0,427	0,422
Employee Retention	0,573	0,564

0.25 is considered a weak model [78]. Meanwhile, Chin (1998) in Ghazali & Latan (2015) provides the criteria for an R-Square value of 0.67 for a strong model, 0.33 for the moderate model, and 0.19 for the weak model [81,76].

On the other hand, Adjusted R-square is R-square values that have been modified based on the standard error values. Adjusted R-square describes a better value than R-square in assessing exogenous variables in evaluating endogenous variables. The R-square and Adjusted R-Square values are shown in table 6.

Based on the results of table 6, it can be explained that the R-Square value of the effect of talent management on organizational justice is 0.698 with an adjusted R-Square value of 0.695. It can be said that exogenous talent management variables affect endogenous organizational justice variables by 69.5% and greater than 67%. So it can be said that the effect of talent management on organizational justice is strong. Then the R-Square value of the effect of talent management on talent perception congruence is 0.427 with an adjusted R-Square value of 0.422. It can be said that the exogenous talent management variable affects the endogenous talent perception congruence variable by 42.2% and greater than 33%, so that it can be said that the effect is moderate. Finally, the R-Square value of the effect of talent management, organizational justice, and talent perception congruence on employee retention is 0.573, with an adjusted R-Square value of 0.564. So it can be said that exogenous variables (talent management, organizational justice, and talent perception congruence) affect the endogenous variable (employee retention) by 56.7% and greater than 33%. It concluded that the effect of talent management on employee retention together with organizational justice and the talent perception congruence is moderate.

4.2 Path Analysis for Hypothesis Testing

After analyzing the outer and inner models that have met all the criteria, the next step is to perform a bootstrapping analysis to evaluate the significance level of hypothesis testing in partial least squares analysis. Bootstrapping is a nonparametric procedure that allows

Table 7. Direct effect between variables from path analysis

	Original Sample	Sample Mean	Standard Deviation	T-Statistics (>1,96)	P Values (<0,05)
Talent Management -> Employee Retention	0,489	0,505	0,104	4,718	0,000
Talent Management -> Organizational Justice	0,835	0,836	0,041	20,181	0,000
Organizational Justice -> Employee Retention	0,260	0,253	0,085	3,061	0,002
Talent Management -> Talent Perception Congruence	0,653	0,660	0,052	12,669	0,000
Talent Perception Congruence -> Employee Retention	0,052	0,049	0,088	0,594	0,553

concluded that **H7 is rejected**, which means the effect of indirect talent management on employee retention mediated by the talent perception congruence is not statistically significant. The indirect effect between these variables can be seen in table 8.

5. DISCUSSION

This study analyzes the influence of talent management on employee retention, either directly or indirectly mediated by organizational justice and talent perception congruence. The results of this study indicate that the direct influence of talent management on employee retention is significant. The use of more great talent management practices is significantly and positively related to the employee's intention to stay at a higher level in the organization.

The results of this study are in line with the results of previous research conducted by Wan Hanafi & Baharin [6], which proved that talent management – represented by career development, competency mapping, employee involvement, and performance management – significantly affected employee retention in the hospitality industry in Malaysia. Research from Chamimalaeb & Garavan conducted in several organizations in Lebanon also shows that talent development through talent management is positively related to intention to stay, which encourages employee retention [26]. Then the research results from Hafez, AbouelNeel, & Elsaid conducted at higher education institutions in Egypt stated that the talent management component (motivating outstanding performance, training and development, and job enrichment) had a significant impact on employee retention [82]. Previous research from Thompson also explained that employees from the millennial generation would prefer organizations that offer solid financial incentives, opportunities for growth and advancement, and work-life balance. In this case, the talent management component and organizations that can make

it happen will retain its employees so that turnover can be reduced effectively (employee retention) [83].

However, this study is not in line with the results of research conducted by Alias, Noor & Hassan, which showed no significant direct effect of talent management practices represented by managerial support on employee retention in IT organizations in Malaysia [84]. Likewise, the research results from Aibieyi & Henry conducted at the University of Nigeria showed that talent management represented by employee empowerment had a negative effect (no significant relationship) on employee retention defined by organizational culture [85]. Therefore, this condition confirms that talent management practices need to be applied to organizations or companies to increase employee retention. With the current workforce condition in Indonesia, which is dominated by millennials, their characteristics are active job seekers who choose companies that offer strong financial incentives, opportunities to grow and develop, and work-life balance. Employees who experience talent management practices (such as career development, managerial support, financial benefits, and work culture) in the company where they work will intend to stay and work at the company.

Then the direct influence of talent management on organizational justice from this study showed significant results. Greater talent management practices are significantly and positively associated with higher organizational justice. The results of this study are in line with previous research conducted by Jones & Skarlicki, which states that employees who feel the effects of talent management practices will develop a perception of fairness regardless of the level of talent they have [86]. Employees who feel justice in talent management results can positively work attitudes and behaviors. Another study from Slan-Jerusalim & Hausdorf conducted in Canada also showed that talent management practices

Table 8. Indirect effect between variables from path analysis

	Original Sample	Sample Mean	Standard Deviation	T-Statistics (>1.96)	P-Values (<0.05)
Talent Management -> Organizational Justice -> Employee Retention	0,217	0,211	0,071	3,069	0,002
Talent Management -> Talent Perception Congruence -> Employee Retention	0,034	0,031	0,059	0,582	0,561

represented by appropriate high potential identification practices resulted in higher procedural justice (one of the dimensions of organizational justice) [87]. Likewise, the results of a study by Gohar conducted at a hospital in Pakistan showed that talent management had a significant positive effect on organizational justice [88]. This suggests that talent management practices – such as career development, managerial support, financial benefits, and work culture – can explain how organizational justice is positioned. This aims to produce the best organizational framework for management and employees to understand their values over many years of work. Employees who feel the results of appropriate talent management practices will raise their perception of a fair organizational system.

This study also shows that the direct effect of organizational justice on employee retention is positive and significant. This indicates that employees who feel fairness (either distributive, procedural, or interactional justice) in their organization will encourage employees' intentions to continue working at their company. The results of this study are in line with the results of previous studies from Imran & Allil (2016); Tourani et al. (2016); and Matarid, Sobh, & Ahmed (2018), which show that organizational justice (distributive, procedural, and interactional justice) has a significant effect on employee retention. However, the results of this study contradict the results of several previous studies [89,90,91]. Research from Nadiri & Tanova (2010); Aryee, Budhwar, & Chen (2002) showed that there was a significant relationship between distributive and procedural justice representing organizational justice and turnover intention (employee's intention to leave the organization) or no employee retention [19,92]. Therefore, this condition confirms that organizational justice perceived by employees appropriately can increase employee retention. This suggests that organizational justice is considered an important factor in strengthening employee retention. With the characteristics of the millennial generation who prefer companies that offer strong financial incentives, opportunities for growth and development, as well as work-life balance, the appropriately perceived justice felt

by this employees' generation in an organization becomes the basis of their satisfaction and positive thoughts which in the end will encourage employees' intention to stay in the organization.

Furthermore, the indirect effect of talent management on employee retention through organizational justice shows significant results. This indicates that the proper practice of talent management and organizational justice encourages employees to stay with their company. Talent management and organizational justice are ideal practices for implementing workforce management decisions and changing employee intentions to leave the organization. The results of this study are in line with the results of a previous study by Gohar conducted in Pakistan. This study proves the mediating effect of organizational justice between the relationship between talent management and employee retention [88]. Likewise, the results of research from Oladapo provide significant evidence of how crucial organizational justice is to maintain the relationship between talent management decisions that ultimately help retain the workforce [93]. Therefore, this condition implies that there will be a collaborative decision to bridge the gap in acquiring talent with the proper justice system to obtain a competitive workforce to survive in the organization. By treating talent with an organizational justice system appropriately, employees who work with commitment will grow, ultimately encouraging their intention to stay in the organization.

Finally, the indirect effect of talent management on employee retention is through talent perception congruence. The results of this study indicate that talent management has a direct effect on talent perception congruence. Still, talent perception congruence does not significantly affect employee retention, so that the indirect effect of talent management on employee retention mediated by talent perception congruence is not significant.

This significant direct effect of talent management on talent perception congruence is in line with previous research by Björkman et al. [17], who describes his contribution to using the Social Exchange Theory (SET)

perspective to develop and empirically test several hypotheses regarding the previously unexplored relationship between talent identification and employee attitudes that are central to talent management. However, this study is inversely proportional to the study results of Sonnenberg et al. [94] in Narayanan et al. [4]. The study results stated that employees often could not feel talent management practices to perceive the opposite. Implementing talent management practices often creates a gap between the expected talent management practices and the perceived talent management practices. This causes employees to feel that the existing talent management practices are not following their perception of talent. Therefore, the results of this study can strengthen the results of previous studies from Björkman et al. [17], but at the same time contradicts the results of the survey of Sonnenberg et al. [94]. Under these conditions, the proper talent management practice must align the talent management practices expected by the company with the talent management practices perceived by the employees. This alignment will encourage employees' perceptions of their talents and what the company needs to get talent status.

Furthermore, the insignificant direct influence of talent perception congruence on employee retention is in line with previous research from Björkman, et al. [17], which explains employees who feel they are identified as talents and those who do not know are equally likely to have the potential to leave the company. The research from Sonnenberg et al. also shows that employees' perceptions and interpretations of talent are variable and difficult to regulate or influence so that employees who are identified as talents can change places of work or do not intend to stay in the organization [22]. Therefore, based on the results of this research conducted on the millennial generation in Indonesia, it shows that those who consider themselves as talents have the same potential to change organizations or, in other words, do not intend to stay in their organizations. Although an employee with other employees of talent feels a common perception, this does not necessarily resolve the current uncertainty about the membership status of the employee's organization. Employees' perceptions of talent are variable and difficult to influence because it is based on their subjective assessment. Employees who know their value in the organization, like employees who think they are talented, will create retention problems. This may be because their expectations and needs are not being met. And according to the characteristics of the millennial generation, they are active job hunters who choose companies that offer strong financial incentives, opportunities for career growth and advancement, and work-life balance.

The last effect, namely the effect of talent management on employee retention mediated by talent

perception congruence, showed insignificant results. This means that talent perception congruence does not mediate the effect of talent management on employee retention. In line with the results of this study, the research of Sonnenberg et al. explained that talent perception incongruence has a significant influence on the relationship between talent management and employee retention [22]. Talent perception incongruence occurs when organizational executives view an individual as talent, but the individual is unaware of this, and vice versa: situations where organizational executives do not perceive an individual as a 'talent' whereas individuals believe they do. Likewise, the research results from Lazarova and Caligiuri (2001) and Stahl, Chua, Caligiuri, Cerdin, and Taniguchi (2009) explain that employees' intentions to stay or leave the organization are influenced by their subjective perceptions of the value and usefulness of company support for them, not by an objective evaluation of the existence or effectiveness of a particular organizational practice [95,96].

Therefore, based on the results of this research conducted on the millennial generation in Indonesia, this condition implies that implementing talent management practices must lead to a better understanding of who is seen as talents by the organization, which in turn leads to a higher perception that the organization has fulfilled its promise, namely the organization has fulfilled its contract by deciding to invest in the careers of employees who are considered talented in the future. Employees' intention to stay or leave the organization is influenced by their subjective perception of the value and usefulness of the corporate support available to them, not by an objective evaluation of the existence or effectiveness of certain organizational practices, such as talent management. So this causes employees' perceptions of themselves who are identified as talents to have the same possibility to leave the company, which in the end, the intention to stay in the organization is low. Talented employees who know their value in the organization will create retention problems. This may be because their expectations and needs are not being met.

6. LIMITATION AND IMPLICATION

This research has several limitations. In this study, researchers measure talent management practices based on the perceived individual perspective of employees. This allows for differences in employees' perceptions of talent management practices with talent management practices expected by the organization. Delery mentions that given the advantages of aligning the two, the researchers failed to capture the possibility of a substituted and synergistic effect [97]. Further research can consider assessing talent management practices in

influencing employee retention from the perspective of individual employees and the organization simultaneously.

The number of samples in this study is relatively small compared to the total population in Indonesia. According to Hair et al., preferably, the sample size is at least 100 [98]. Typically, the minimum sample size is at least five times the number of indicators to be analyzed. The sample criteria set are also only for employees with the Millennial generation age range in Indonesia. Meanwhile, Indonesia is currently dominated by the Millennial generation and Generation Z [99]. Therefore, the sample size and age range were expanded to obtain more generalizable results for future research. Further research can also be carried out in several other countries with cultural differences from Indonesia.

Researchers provide input for using other antecedents that can affect talent management on employee retention, for example, job embeddedness, job satisfaction, etc. A study from Narayanan explains that the influence of talent management on employee retention can be mediated by job embeddedness [100]. Future studies can analyze variations in embeddedness and intention to stay in organizations with different levels of talent management maturity in the organization.

Furthermore, this study contributes to the existing literature on talent management and employee retention by finding a significant effect of talent management on employee retention. From a theoretical standpoint, there is a lack of support for how talent management practices help retain high-potential employees. Although talent management directly influences turnover intention, this article further discusses the effect of talent management initiatives on employee retention with the mediating role of organizational justice and talent perception congruence, which can provide a research agenda in future studies on the topic of talent management. This study adopts the conceptual framework by Narayanan et al. [4] by providing empirical support to provide more comprehensive results.

From a practical point of view, this study encourages H.R. practitioners to assess the role of organizational justice and talent perception congruence in the relationship between talent management and employee retention, not only focusing on talent retention efforts. Furthermore, various studies provide insight for H.R. practitioners to try to retain talented employees through talent management by focusing on various initiatives that improve organizational justice but not with talent perception congruence. HR practitioners can use the results of this study to assess appropriate talent management practices by aligning the perceived individual perspective of employees and the

organization's perspective, thereby increasing employee retention rates.

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