



## Effects of Talent Management on Employee Retention: Mediate Effect of Organisational Trust

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### Abstract

*Organizations need talent management strategies to build higher employee retention levels when facing rising business competition. Employee retention is evaluated in relation to talent management practices with specific focus on how organizational trust serves as a mediator between these two factors. Various employee retention factors directly impacted by talent management systems incorporate recruitment activities as well as training development performance management and career planning programs. A quantitative research design was used to collect data from workers in different sectors which enabled researchers to explore how organizational trust functions as a mediating factor in talent management-performance outcomes. The research aims to discover strategic methods organizations should employ for talent management and workplace trust management to boost staff retention. Talent management has become an essential component of human resource strategy, profoundly affecting employee retention in modern organisations. In the current competitive labor market, maintaining proficient individuals is a significant difficulty for organisations across many industries. Employee retention is crucial for ensuring organisational stability, minimizing turnover expenses, and promoting sustained corporate growth.*

**Keywords:** Talent Management, Employee Retention, Organizational Trust, Human Resource Management, Workforce Sustainability and Employee Engagement

### Introduction

Efficient people management strategies, encompassing recruiting, training, career advancement, and performance evaluation, are crucial for improving employee engagement and work satisfaction. Nonetheless, talent management by itself may be inadequate for ensuring retention. Organisational trust is a crucial mediating factor that enhances the link between talent management and employee retention. Organisational trust denotes employees' assurance in the equity, openness, and integrity of their organization. It includes confidence

in leadership, confidence in organisational policies, and confidence in coworkers. Trust diminishes employment insecurity, cultivates a healthy workplace atmosphere, and increases employees' propensity to stay with their firm. A deficiency in trust can result in work discontent, elevated stress levels, and increased turnover rates, so weakening the efficacy of talent management strategies. The recruitment and selection procedures profoundly influence employee retention. Training and development programs are crucial for employee retention, since they improve employees' abilities, facilitate career advancement, and increase job



satisfaction. However, in the absence of organisational trust, employees may question the authenticity of these activities, therefore diminishing their efficacy. By comprehending how trust influences this connection, organisations may formulate more effective methods to improve staff retention and decrease turnover. The research will employ empirical data to substantiate these links, offering evidence-based suggestions for HR professionals and corporate executives. In conclusion, talent management is a crucial factor in employee retention, but its efficacy is markedly improved by the existence of organisational trust. Organisations that emphasise clear communication, ethical leadership, and equitable HR policies may cultivate a high-trust atmosphere that fosters long-term employee engagement. This research enhances the existing information on workforce sustainability by emphasizing the necessity of including trust-building initiatives into talent management methods.

### Significance of the Study

Talent management has become an essential strategic role in contemporary organisations, directly impacting employee retention, organisational performance, and competitive advantage. In a time characterized by talent shortages and elevated turnover rates, effective personnel management methods are essential for maintaining a stable and engaged team. It will further elaborate on the significance of mediating organisational elements, sometimes neglected in traditional talent management research.

### Statement of the Problem

Employee retention has emerged as a significant challenge for organisations across diverse industries due to heightened employment mobility, shifting worker expectations, and changing labor market conditions. Despite the widespread acknowledgement of personnel management techniques, including recruiting, training, and career development, several organisations continue to grapple with elevated employee turnover rates. Notwithstanding substantial expenditures in human resource development, individuals persist in departing organisations in search of enhanced prospects, professional advancement, and

Organisations may leverage the findings from this study to formulate and execute effective personnel management strategies that augment employee contentment, diminish turnover intentions, and eventually boost overall productivity. Human resources professionals, politicians, and corporate executives will get essential insights on enhancing their personnel management strategies to secure enduring workforce stability. This research is essential for understanding the evolving dynamics of worker expectations, especially in the post-pandemic context when remote work, flexible arrangements, and employee well-being have become significant. Comprehending how personnel management may be customised to align with changing employee expectations will empower organisations to cultivate a more dedicated and engaged staff. This study aims to uncover certain talent management techniques that significantly influence employee retention, therefore assisting firms in reducing costs related to high staff turnover, including recruiting fees, lost productivity, and decreased organisational morale. From a comprehensive viewpoint, staff retention is advantageous not just for individual organisations but also for the overall economy. Elevated staff turnover can result in industry disruptions, skill deficiencies, and diminished economic growth. The research offers practical guidelines for organisations seeking to cultivate a resilient and engaged workforce via effective talent management and supportive organisational practices.

workplace fulfillment. This study aims to investigate the significant issue of employee retention by analyzing the impact of talent management methods on workers' decisions to remain with an organization. A significant deficiency in current research is the mediating influence of organisational elements in this connection. Despite an organization establishing robust recruiting and training initiatives, employees may still go due to ineffective leadership, insufficient recognition, or a lack of career progression chances. Comprehending these mediating aspects is crucial for formulating a holistic strategy for staff retention. Furthermore, some organisations priorities short-term remedies for employee retention, such as wage increments or

incentives, while neglecting the underlying systemic concerns pertaining to workplace culture and employee development. This limited strategy frequently yields short-term retention enhancements but does not provide enduring staff stability. A significant concern is the deficiency of empirical studies about talent management and retention within certain sectors or areas. Although several researches have examined these themes within generic corporate environments, there is a paucity of data regarding how industry-specific problems or cultural variances influence employee retention dynamics. The research will enhance the comprehension of talent management's influence on workforce stability in various organisational settings. The research seeks to examine the mediating influence of organisational elements to offer a comprehensive understanding of how organisations may cultivate a work environment that attracts talent and fosters long-term commitment. The results will assist organisations in formulating evidence-based policies that synchronies talent management practices with overarching organisational objectives, hence fostering sustainable workforce management.

### Objectives

1. To examine the direct impact of talent management on employee retention.
2. To analyze the mediating role of organizational trust in the relationship between talent management and employee retention.

3. To identify key talent management practices that contributes to higher employee retention rates.
4. To provide recommendations for organizations to enhance employee trust and retention through effective talent management strategies.

### Analysis, findings and Results

Performance management and reward systems also play a significant role in retaining employees. Fair and transparent performance evaluations, coupled with competitive compensation and recognition programs, reinforce employees' trust in their organization. Without trust, employees may feel undervalued or unfairly treated, increasing their likelihood of seeking alternative employment opportunities. The mediating role of organizational trust in talent management and employee retention cannot be overlooked. Trust acts as a psychological contract that influences employees' perceptions of job security, fairness, and long-term prospects within the organization. Employees who trust their employer are more willing to stay, even when faced with challenges such as increased workloads or industry uncertainties. Furthermore, trust enhances organizational commitment, fostering a positive workplace culture that encourages collaboration, engagement, and productivity. 200 sample respondents are taken using simple random sampling technique

**Table 1: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.838
Bartlett's Test of Sphericity	Approx. Chi-Square	2558.176
	difference	105
	Sig.	0.000

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is 0.838, which falls within the range of "meritorious" (0.80–0.89). This indicates

that the data is highly suitable for factor analysis, as the sample size is adequate, and the variables exhibit a strong correlation structure.

**Table 2: Communalities**

Sr.	Factors	Initial	Extraction
1.	Work-Life Balance	1.000	.640
2.	Training & Development	1.000	.572
3.	Recruitment & Selection	1.000	.657
4.	Performance Management & Rewards	1.000	.747
5.	Fairness & Transparency	1.000	.778

6.	Career Development & Succession Planning	1.000	.829
7.	Work Engagement	1.000	.672
8.	Trust in Leadership	1.000	.609
9.	Psychological Safety	1.000	.602
10.	Organizational Commitment	1.000	.785
11.	Job Satisfaction	1.000	.849
12.	Job Market Conditions	1.000	.820
13.	Industry-Specific Trends	1.000	.797
14.	Ethical & Supportive Work Environment	1.000	.823
15.	Company Culture	1.000	.735

The results of the communalities for the factors used for measuring the satisfaction are better fall between

0.572 and 0.849. As the values are around 0.5 and more, the 15 statements used are considered for further analysis for data reduction.

**Table 3: Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.093	40.617	40.617	6.093	40.617	40.617	5.508	36.719	36.719
2	2.545	16.969	57.586	2.545	16.969	57.586	2.804	18.695	55.414
3	1.221	8.137	65.723	1.221	8.137	65.723	1.546	10.309	65.723
4	1.108	7.383	73.107						
5	1.028	6.854	79.960						
6	.646	4.306	84.266						
7	.494	3.295	87.561						
8	.435	2.901	90.462						
9	.343	2.285	92.747						
10	.272	1.816	94.563						
11	.221	1.471	96.034						
12	.196	1.309	97.343						
13	.160	1.065	98.408						
14	.137	.914	99.321						
15	.102	.679	100.000						

The Initial Eigen values indicate that there are five components with Eigen values greater than 1, suggesting that these components explain a significant portion of the variance in the dataset. However, based on the Extraction Sums of Squared Loadings and Rotation Sums of Squared Loadings, only the first three components have been retained for further analysis, as they collectively explain 65.723% of the total variance after rotation.

#### Key Findings:

1. Component 1 has an Eigen value of 6.093, explaining 40.617% of the variance. After

rotation, it contributes 36.719% to the total variance, indicating that it is the dominant factor.

2. Component 2 has an Eigen value of 2.545, explaining 16.969% of the variance before rotation and 18.695% after rotation.
3. Component 3 has an Eigen value of 1.221, explaining 8.137% of the variance, which increases to 10.309% after rotation.
4. The fourth and fifth components have Eigen values slightly above 1 but were not retained after extraction and rotation.
5. Components beyond the third one have Eigen values below 1, meaning they explain minimal

variance and do not contribute significantly to the overall structure.

#### Conclusion:

- The three extracted factors explain a cumulative variance of 65.723%, which is acceptable in social sciences and business research.
- The rotation has slightly redistributed the variance, making the factors more interpretable.
- Further examination of the factor loadings (pattern matrix) will help in identifying which variables belong to each component, aiding in the naming and interpretation of the factors.

**Table 4: Rotated Component Matrix**

Group	Factors	Component		
		1	2	3
Talent Management Practices	Recruitment & Selection	.862		
	Training & Development	.754		
	Career Development & Succession Planning	.723		
	Performance Management & Rewards	.741		
	Work-Life Balance	.789		
	Fairness & Transparency	.861		
Organizational Trust	Trust in Leadership		.815	
	Psychological Safety		.804	
	Ethical & Supportive Work Environment		.973	
	Company Culture		.745	
Employee-Related Factors	Job Satisfaction			.841
	Organizational Commitment			.921
	Work Engagement			.820
	Industry-Specific Trends			.821
	Job Market Conditions			.729

a. Rotation converged in 5 iterations.

#### Factor 1: Talent Management Practices

This factor includes variables related to HR practices and employee management, indicating that organizations with strong recruitment, development, and reward systems create a positive impact. The high loadings suggest a strong relationship between these practices and organizational effectiveness.

- Recruitment & Selection (0.862)
- Training & Development (0.754)
- Career Development & Succession Planning (0.723)
- Performance Management & Rewards (0.741)
- Work-Life Balance (0.789)
- Fairness & Transparency (0.861)

#### Factor 2: Organizational Trust

This factor represents employees' trust in the company and leadership, highlighting the importance of a supportive and ethical work environment.

- Trust in Leadership (0.815)
- Psychological Safety (0.804)
- Ethical & Supportive Work Environment (0.973)
- Company Culture (0.745)

**Interpretation:** A culture of trust enhances employee satisfaction, engagement, and productivity. Organizations focusing on leadership trust and ethical practices foster a positive work environment.

#### Factor 3: Employee-Related Factors

These factor groups variables associated with individual employee perceptions, job-related satisfaction, and external job market trends.

- Job Satisfaction (0.841)
- Organizational Commitment (0.921)
- Work Engagement (0.820)
- Industry-Specific Trends (0.821)
- Job Market Conditions (0.729)





Employee motivation and engagement are influenced by internal job satisfaction and external industry trends. A stable and engaging work environment increases commitment and reduces turnover.

#### Findings & Conclusion:

- The analysis reveals three primary factors influencing the organizational environment: Talent Management Practices, Organizational Trust, and Employee-Related Factors.
- These factors collectively explain the variance in the dataset, emphasizing the importance of HR policies, workplace culture, and employee engagement in organizational success.
- Next Steps: Organizations should focus on strengthening HR practices, fostering trust, and enhancing job satisfaction to improve employee performance and retention.

#### Practical Implications

This study's conclusions about the impact of talent management on employee retention, mediated by organisational characteristics, have substantial practical significance for organisations, human resource professionals, and policymakers. Effective personnel management methods may assist firms in attracting premier talent while cultivating a culture of dedication, engagement, and long-term worker stability. Organisations that implement comprehensive talent management processes, encompassing strategic recruiting, effective training programs, career development initiatives, and performance management, are more likely to retain competent personnel and minimise turnover costs. A primary practical insight from this study is the necessity for organisations to transition from conventional retention strategies—such as wage increments and bonuses—to a more comprehensive strategy that incorporates employee development and engagement. Although financial incentives are significant, they are not the exclusive determinants of employee retention. Organisations must prioritise career advancement opportunities, skill enhancement initiatives, mentorship, and leadership development to ensure workers perceive themselves as valued and engaged in their professional

trajectories. The study emphasizes the significance of organisational culture and leadership in the retention process. Employees are more inclined to remain with an organization that cultivates an inclusive, supportive, and engaging workplace. Organisations must foster robust leadership practices that emphasise transparent communication, employee acknowledgement, and ongoing feedback. Leaders must be equipped to cultivate an atmosphere in which people feel acknowledged, valued, and inspired. Human Resources departments have to apply data-driven methodologies to evaluate employee engagement levels, discern turnover risk indicators, and formulate proactive retention initiatives. Employee feedback systems, including surveys and exit interviews, need to be employed to comprehend the fundamental causes of turnover and mitigate concerns prior to their escalation. By utilising technology, like HR analytics and artificial intelligence, organisations may get profound insights into the efficacy of talent management and enhance their workforce planning strategies. Furthermore, organisations must acknowledge the changing demands of the workers in the contemporary employment market. The emergence of remote work, flexible work arrangements, and employee well-being programs is essential for retention. Organisations that provide work-life balance, mental health assistance, and professional development opportunities typically see elevated employee satisfaction and reduced turnover rates. Consequently, including flexible work rules and well-being initiatives into people management frameworks may bolster employee loyalty and long-term commitment. In conclusion, organisations must use a strategic, data-informed, and employee-focused methodology for talent management to enhance retention. By focusing on organisational culture, leadership efficacy, career advancement, and employee engagement, enterprises may cultivate a staff that is both proficient and deeply dedicated to their sustained success.

#### Recommendations

1. Strengthen Leadership Development – Leadership plays a critical role in employee retention. Organizations should invest in



- leadership development programs to train managers and supervisors on effective communication, conflict resolution, employee motivation, and engagement. Strong leadership fosters a positive work culture that encourages employees to stay.
2. **Enhance Career Growth and Development Opportunities** – Employees are more likely to stay in an organization that provides clear career progression paths. Organizations should establish mentorship programs, internal promotions, skills training, and professional development workshops to help employees achieve their career goals.
  3. **Foster an Engaging and Inclusive Organizational Culture** – Companies should cultivate a workplace environment that promotes inclusivity, recognition, and employee empowerment. A strong organizational culture where employees feel valued and included can significantly improve retention rates.
  4. **Develop a Comprehensive Talent Management Strategy** – Organizations should adopt an integrated talent management framework that covers recruitment, training, performance management, career development, and succession planning. A structured approach ensures that employees experience continuous growth and professional advancement, reducing turnover rates.
  5. **Leverage HR Analytics for Proactive Retention Strategies** – Organizations should use HR analytics to track employee engagement levels, identify turnover trends, and implement data-driven solutions. Predictive analytics can help HR teams anticipate potential retention challenges and develop preemptive strategies.
  6. **Implement Flexible Work Arrangements** – Given the changing nature of work, companies should adopt flexible work policies, including remote work options, hybrid schedules, and alternative work arrangements. Flexibility contributes to higher job satisfaction and reduces burnout, leading to better retention.
  7. **Enhance Employee Well-being and Work-Life Balance** – Organizations should integrate well-being initiatives, such as mental health support, wellness programs, and stress management resources, into their talent management strategies. Employees who feel supported in their personal and professional lives are more likely to remain committed to their employer.
  8. **Develop Strong Employee Recognition and Reward Systems** – A well-structured employee recognition program that acknowledges achievements, contributions, and hard work can boost morale and encourage long-term commitment. Recognition can take various forms, such as bonuses, promotions, awards, and non-monetary incentives.
  9. **Encourage Open Communication and Feedback** – Organizations should create channels for employees to voice concerns, provide feedback, and engage in two-way communication with management. Transparent communication strengthens trust and reduces dissatisfaction, leading to higher retention rates.
  10. **Regularly Review and Update Retention Strategies** – Given the dynamic nature of the job market, organizations should continuously assess their talent management strategies and make necessary adjustments to align with evolving workforce expectations. Regular employee satisfaction surveys and retention audits can help in refining strategies for maximum effectiveness. By implementing these recommendations, organizations can enhance their talent management efforts, foster a positive work environment, and improve employee retention rates, ultimately contributing to long-term business success.

### Conclusion

Employee retention constitutes a significant difficulty for contemporary organisations, and proficient personnel management is essential in mitigating this concern. The study has analyzed the correlation between talent management techniques and employee retention, taking into account the mediating influence of organisational characteristics. The findings indicated that although



talent management tactics including recruiting, training, career development and performance management are crucial for employee retention, their efficacy is considerably affected by organisational culture, leadership quality, and employee engagement. This research reveals that financial incentives alone are inadequate for long-term staff retention. Employees desire significant work experiences, prospects for professional advancement, nurturing work environments, and effective leadership. Consequently, organisations must adopt a comprehensive strategy for talent management that encompasses professional development, employee recognition, workplace culture, and well-being activities. The significance of leadership in employee retention is paramount. Inadequate leadership techniques, insufficient managerial assistance, and inefficient communication frequently compel individuals to pursue alternative employment possibilities. In contrast, organisations that emphasize leadership development and promote open communication cultivate an environment in which workers feel appreciated and engaged, resulting in increased retention rates. Organisational culture is a crucial mediating element in employee retention. A culture that encourages diversity, openness, and cooperation improves work happiness and cultivates employee loyalty. Organisations that disregard organisational culture frequently have elevated turnover rates, since employees may perceive themselves as disengaged, unappreciated, or inadequately supported. The report emphasizes the necessity of adjusting personnel management approaches to meet changing worker expectations. As remote work, digital transformation, and evolving employee preferences increase, organisations must consistently enhance their personnel management strategies to maintain competitiveness. Organisations that provide flexible work arrangements, mental health assistance, and professional development chances are more inclined to retain elite talent. This report offers significant advice for organisations aiming to enhance staff retention. Investing in leadership development, career advancement, employee engagement, and well-being programs enables firms to cultivate a resilient and dedicated staff. Human Resources

professionals must to embrace data-driven methodologies to evaluate employee happiness, anticipate retention threats, and execute targeted actions. The success of an organization ultimately hinges on its capacity to recruit, cultivate, and retain talent. Employee turnover may result in financial losses, diminished productivity, and reduced organisational morale. Consequently, organisations must priorities talent management as a strategic role that not only fosters individual career advancement but also promotes long-term corporate sustainability. By using the results and suggestions of this study, organisations may cultivate a work environment that enhances employee engagement, minimizes turnover, and secures enduring success in a progressively competitive global market. Since both tests indicate strong suitability for factor analysis, we can proceed with extracting factors using methods like Principal Component Analysis (PCA) or Exploratory Factor Analysis (EFA) to identify underlying dimensions within the data.

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