Employee Retention and the Primacy of Organizational Commitment: Evidence from a Regional Revenue Agency in X Regency

Aan Suharto[1], Deden Sutisna[2]
[12]Universitas Widyatama Bandung, Indonesia
Correspondent: aan.suharto@widyatama.ac.id[1]

ABSTRACT: This study aims to analyze the factors affecting employee retention, focusing on organizational culture, work ethics, and commitment to the organization. Employee retention is a major challenge for companies in a competitive and dynamic labor market. Organizational culture reflects the values, norms, and expectations upheld by all members of the organization, creating a comfortable and supportive work environment. Work ethics emphasize morals and behavioral standards that guide actions and decisions within the company, helping to build a foundation of ethical conduct and integrity. Additionally, employee commitment to the organization forms the basis for loyalty and engagement in achieving organizational goals. This study uses a quantitative method with an associative approach to identify relationships between variables. Data was obtained through questionnaires distributed to 36 employees at the Regency X Regional Revenue Agency, using a census sample. The results show that only organizational commitment has a significant influence on employee retention at a 95% confidence level, providing the largest contribution in explaining variations in employee retention. Organizational culture and work ethics are not significant, so their contributions are minimal, explaining why the adjusted R^2 value is lower than the R^2. Overall, the model has moderate predictive power for employee retention but could be improved by adding more relevant variables. These findings imply that companies should focus more on internal factors that can build employee loyalty and retain top talent.

Keywords: Culture, Ethic, Commitment, Retention, Organization, Employee

INTRODUCTION

Employees consistently seek a work environment where they feel comfortable, secure, and valued by transparent, caring leadership. No one wants to work for an organization that makes them feel cornered or unable to achieve a healthy work-life balance. Creating an environment where all aspects of the organization feel heard and acknowledged is invaluable. When people feel truly cared for, loyalty emerges naturally. However, many organizations fail to recognize the importance

of cultivating such a culture in today's competitive labor market. It is essential for organizations to foster a supportive and reassuring atmosphere for their employees.

Sheridan (1992) suggests that employee turnover should be examined from a broader HR management perspective, considering the high costs associated with recruitment and training. Malik et al., (2020), Meirinhos et al. (2018), Varma et al. (2019) highlight that effective HR practices significantly reduce turnover rates. However, even with strong HR management, some employees inevitably leave. Organizations must implement retention strategies that encourage high performers to stay while allowing underperformers to exit naturally.

Building on this, Xuecheng et al. (2022) argue that employee turnover is a costly challenge, impacting both financial and intellectual capital. High turnover rates increase recruitment expenses and disrupt knowledge continuity within an organization. Wahyudi et al. (2023) identify key factors influencing retention, including leadership style, communication, work-life balance, competitive benefits, and career development opportunities. These elements create an environment where employees feel valued and motivated to stay (Abdolmaleki et al., 2024; Jun & Eckardt, 2023; Lappi, 2024).

In his writing, Holliday (2024) notes that employee turnover is a significant issue for many organizations. Nearly 51 million workers in the U.S. voluntarily left their jobs in 2022, representing almost a third of the workforce. As organizations compete for top talent, employee retention becomes critical. While some experts recommend a retention rate of 90% as a goal, the reality varies across different organizations and industries. Nevertheless, the ability to retain employees is universally beneficial for various reasons. Key elements to improving employee retention include creating a positive and relevant organizational culture, upholding strong ethics, and fostering organizational commitment at all levels. Effective employee retention heavily relies on the creation of a positive organizational culture, the implementation of strong ethics, and high organizational commitment, all of which contribute to job satisfaction, loyalty, and employee performance, while also reducing turnover-related costs (Kossivi et al., 2016; Ranawat, 2024; Sorn et al., 2023)

Organizational culture refers to the shared norms and values that are understood and accepted by all members of an organization and serve as the foundation of its operational rules (Wahyudin, 2022). Organizational culture embodies a set of experiences, philosophies, expectations, and values that are reflected in the behaviors of its members—both internally within the organization and in its interactions with the external environment. It represents a phenomenon that develops naturally, whether intentionally or unintentionally. Elements such as the work environment, organizational policies, and employee behavior all contribute to organizational culture (Sheridan, 1992). A successful organizational culture is one that is embraced by everyone, from interns to leaders. It brings to life the core values of the organization, nurturing characteristics like curiosity, respect, teamwork, and employee well-being. Recent studies have shown that a positive workplace culture significantly enhances employee retention (Almerri, 2023; Denis & Khodor, 2021). A strong organizational culture not only fosters job satisfaction but also reduces turnover intentions (Vivian Madueke & Chimezie Emerole, 2017). Additionally, work ethics play a vital role in influencing employee retention, highlighting the interconnectedness of these factors (Kakaire, 2021).

Employee retention is also significantly influenced by the work ethics upheld as core values in workplace regulations. Horton (2024) defines work ethics as the moral principles that guide the values, behaviors, and decisions of both the organization and its individuals. Some ethical requirements are codified into law, such as workplace regulations, minimum wage laws, and the ethical standards that guide decision-making. Ethical concepts within organizations must be universally applied—meaning the ethical standards expected of employees must also be adhered to by leadership. Building a foundation of ethical behavior helps create a positive long-term impact for the organization. One of the key outcomes is the ability to attract and retain highly talented individuals (Wahyudi et al., 2023). Sheridan (1992) further emphasizes that organizations benefit when employees act with honesty and integrity. Employees in organizations that demand high ethical standards in all aspects of operations tend to perform at higher levels and remain loyal to the organization. Recent studies have shown that ethical fit significantly influences employee satisfaction and commitment, which in turn affects retention rates (Ayari & AlHamaqi, 2022). Moreover, organizations that prioritize ethical leadership create a culture that enhances employee commitment and reduces turnover intentions (Mitonga-Monga et al., 2023). The interplay between work ethics and organizational commitment is crucial, as it fosters a work environment where employees feel valued and motivated to contribute (Lee & Kim, 2023).

Commitment, on the other hand, represents an attitude and behavior that mutually reinforce each other. Committed employees demonstrate positive behaviors and attitudes toward their organization. Organizational commitment refers to the loyalty employees feel toward their organization, fostering a sense of ownership and encouraging active involvement in decision-making processes. As such, commitment fosters a sense of belonging among employees within the organization (Erika, 2016). Recent studies indicate that organizational commitment is closely linked to employee engagement and job satisfaction, which are critical for enhancing overall performance (Lee & Kim, 2023). Furthermore, the quality of work life has been shown to mediate the relationship between organizational commitment and employee outcomes, suggesting that a supportive work environment can significantly boost commitment levels (Hermanto et al., 2024). Additionally, ethical leadership plays a vital role in fostering organizational commitment, as it encourages employees to align their values with those of the organization, leading to increased loyalty and reduced turnover intentions (Inegbedion, 2022). The interplay between commitment and employee behavior is essential, as higher levels of commitment often result in improved innovative behaviors and overall organizational effectiveness (Hemsworth et al., 2024).

Sheridan (1992) reports that various factors contribute to an employee's decision to remain with an organization for an extended period. Among these factors, the most critical influencing retention is the cultural values upheld within the organization. According to Sheridan (Sheridan, 1992), factors such as professionalism, competitive salary and benefits, opportunities for skill development, career advancement prospects, and clear, focused leadership contribute significantly to retention. Recent studies have reinforced these findings, indicating that a strong organizational culture is pivotal in enhancing employee retention (Alsemeri, 2016). Additionally, ethical leadership and a supportive work environment have been identified as key elements that foster loyalty and commitment among employees (Goyal & Kaur, 2023). Research indicates that clear communication and supportive leadership are also vital in creating an environment conducive to

retention (Ali, 2025). Furthermore, competitive compensation and opportunities for professional growth are consistently identified as key factors influencing retention rates (Onyango et al., 2022). The integration of these elements not only attracts talent but also encourages long-term commitment and loyalty to the organization (Xuecheng et al., 2022).

In line with this, Wahyudin (2022) explains that employee performance can be determined by the success of organizational culture and management style. Organizational culture serves as the guiding values for employees' task performance and behavior. Functionally, it plays a role in fostering commitment to goals that extend beyond individual interests. It is also closely linked to empowering personnel within the organization. The stronger the organizational culture, the greater the motivation for employees to progress together with the organization. This research also emphasizes that organizations can have different cultural attributes, influenced by how managers structure and lead the organization. Organizational culture can be strong or weak, and in some cases, it may be difficult to change, depending on the level of commitment during its formation. The organizational culture significantly impacts the organization's values (both positive and negative), organizational climate, and leadership style. In summary, the strength of organizational culture, coupled with effective leadership styles, significantly influences employee motivation and performance, creating a conducive environment for organizational success (Abdul Rojak et al., 2024; Akparep et al., 2019; Alfathur Rachman et al., 2024; Donkor et al., 2021; Mani et al., 2023; Zoechriba et al., 2020).

Erika (2016) identifies other critical factors that affect employee retention. Besides organizational culture, ethics and organizational commitment also significantly influence an employee's willingness to remain with an organization. The study found that the understanding of ethics and ethical practices within an organization positively impacts employee retention. Thus, the higher the level of work ethics within employees, the greater their performance in the organization. Grabowski et al. (2021) explain that the emphasized ethical values must encompass high work appreciation, recognition, positive affirmation, and clarified moral norms. Recent studies have further supported these findings; a study by Sheng et al. (2023) confirms that ethical work environments significantly enhance employee engagement and commitment, leading to improved retention outcomes (Sheng et al., 2023). Additionally, the effects of ethical leadership combined with emotional intelligence have been shown to improve job satisfaction and commitment, leading to better retention outcomes (Al-Mualm, 2023). Moreover, employees' perceptions of ethical leadership and organizational culture significantly impact their decisions to remain with the company (Rizwan et al., 2017). Ethical leadership is also a prerequisite for building employee loyalty, as ethical leaders create a supportive climate that contributes to employee retention (Tende & Amah, 2021).

Furthermore, Erika (2016) underscores that organizational commitment also has a positive and significant influence on retention. Highly committed employees tend to achieve outstanding results, demonstrate innovative orientation, and have high goals to improve their performance. Organizational commitment also enhances customer satisfaction, as long-standing employees possess greater experience and knowledge about workplace practices (Sumlin et al., 2021). Additionally, customers prefer doing business with familiar employees, which is supported by the

findings of Faisal et al. (2017) that highlight the role of organizational culture and work ethics in fostering job satisfaction and retention. Research by Vivian Madueke & Chimezie Emerole (2017) further emphasizes that a strong organizational culture significantly impacts employee commitment, which in turn affects retention rates. Moreover, the study by Putriana et al. (2015) indicates that ethical work environments contribute to higher levels of organizational commitment, ultimately leading to improved employee retention.

Purbarini et al. (2021) provides a more detailed examination by combining three main variables—organizational culture, organizational commitment, and compensation—on employee retention. It is noted that a positive organizational culture and appropriate compensation align with higher employee retention, while commitment does not show a significant impact. This is because employees may experience low emotional attachment to the organization, possibly due to uncertainty regarding career progression, particularly for younger employees. Nevertheless, all three factors combined are effective in improving employee retention.

In the case of the Regional Revenue Agency (BAPENDA) of X Regency, data reveals an ongoing retention issue, with retention rates from 2021 to 2023 below 90%, as shown in Table 1. The employee retention issue has become critical for analysis in this study.

Table 1. Retention Percentage of Employees in a Regional Revenue Agency (BAPENDA) of X Regency

Year	Retention Numbers	Average Annual Employees	Retention Percentage
2021	89	99	89,90%
2022	105	122	86,07%
2023	115	129	89,15%

Source: BAPENDA X Regency, 2024

A key challenge in retention research is the varying influence of organizational culture, work ethics, and commitment. While some studies emphasize the strong role of organizational culture in retention (Almerri, 2023; Denis & Khodor, 2021), others find that it plays a minimal role (Reiningsih Reke et al., 2023). Similarly, Wahyudin (2022) and Purbarini et al. (2021) present conflicting results regarding the impact of commitment on retention. The literature lacks a clear consensus on whether work ethics independently contribute to retention or merely act as a moderating factor. This study aims to bridge this gap by analyzing the relative influence of these three factors on employee retention at a Regional Revenue Agency.

Despite existing policies aimed at improving retention, organizational challenges remain. Therefore, this study seeks to provide empirical insights into which of the three variables—organizational culture, work ethics, and commitment—most significantly impact employee retention and should be prioritized for enhancement.

This study aims to explore the impact of organizational culture, work ethics, and organizational commitment on employee retention. Employee retention is a critical issue for organizations in today's competitive labor market, and understanding the factors that influence it is crucial for improving workforce stability and productivity. The research investigates how different aspects of organizational life, such as the prevailing culture, the ethical standards upheld by the organization, and the level of commitment among employees, contribute to their decision to stay with an organization.

The central research questions for this study are as follows: How does organizational culture influence employee retention in the organization? How do work ethics impact employees' decisions to remain in the organization? How does organizational commitment affect employee retention? Furthermore, this study seeks to examine how these three factors—organizational culture, work ethics, and organizational commitment—interact with one another and jointly influence employee retention. By addressing these questions, the research intends to provide a comprehensive understanding of the key drivers that affect employee retention in organizational settings.

The specific objectives of this study are fourfold. First, it aims to analyze the impact of organizational culture on employee retention within the organization. Organizational culture plays a vital role in shaping employee experiences, values, and behaviors, which can ultimately affect their decision to stay or leave. Second, the study seeks to identify the extent to which work ethics influence employees' decisions to remain with the organization. A strong ethical framework within an organization can foster trust and loyalty, which are essential for long-term retention. Third, this research will examine how organizational commitment influences employee retention, with a particular focus on the emotional and psychological attachment employees have toward their organization. Finally, the study will evaluate the combined influence of organizational culture, work ethics, and organizational commitment on employee retention, providing a holistic perspective on these interrelated factors.

By achieving these objectives, this study aims to contribute to the existing body of literature on employee retention and provide practical insights for organizations seeking to enhance their retention strategies and improve workforce stability.

METHOD

This study employs a quantitative research methodology, utilizing a census sampling technique where the entire population of employees at the Regional Revenue Agency of X Regency is considered as the sample. The method chosen is appropriate for analyzing relationships between variables, which is essential for the study's objectives (Fadilla et al., 2022). The choice of a quantitative approach is justified as it allows for objective measurement and hypothesis testing, ensuring that the relationships among variables are statistically examined rather than based on subjective interpretation.

The use of Structural Equation Modeling with Partial Least Squares (SEM-PLS) is particularly relevant in this study due to its advantages over other statistical methods. SEM-PLS is preferred because it is suitable for small sample sizes, does not require normally distributed data, and allows for the simultaneous analysis of multiple dependent and independent variables. This approach is especially useful for studies like this one, where complex relationships among latent constructs—such as organizational culture, work ethics, and commitment—are analyzed. Furthermore, SEM-PLS provides robust estimations even when the model includes reflective and formative constructs, making it a superior choice compared to traditional regression techniques.

The target population for this research consists of all active employees at the Regional Revenue Agency of X Regency. Based on the census sampling approach, all 36 employees are selected as respondents for this study. The inclusion criteria for this sample are (1) only active employees are included, (2) availability of the required data to conduct the study, and (3) the availability of time and resources for the research process. While the census approach ensures full population representation, the relatively small sample size presents a limitation in terms of generalizability. Although SEM-PLS is well suited for small samples, the findings of this study should be interpreted with caution when applied to broader populations or different organizational contexts.

The choice of census sampling is grounded in the assumption that the entire population of employees provides a more accurate and reliable representation of the research context, eliminating the need for random sampling or generalization. This approach is also appropriate given the relatively small size of the population, making it feasible to collect data from all members.

This study uses primary data collected via a questionnaire designed to measure the key variables, including organizational culture, work ethics, and organizational commitment. The questionnaire is distributed to the 36 employees of the Regional Revenue Agency of X Regency, ensuring that all relevant participants provide their input. In addition to primary data, secondary data is utilized in the form of relevant books, articles, and journals that provide theoretical and empirical insights into the variables under study.

The data collection process was conducted in a manner that ensures accuracy, consistency, and reliability. The questionnaire was pre-tested to confirm its validity and reliability before being administered to the respondents. This pre-testing allowed for any necessary adjustments to be made to the instrument to ensure its clarity and effectiveness in capturing the intended data.

The research employs standardized measurements for the key variables, which include organizational culture, business ethics, and organizational commitment. These variables are measured using Likert-scale items, which allow for the quantification of respondent attitudes and perceptions on a range of statements related to each variable. The use of Likert scales is appropriate as it facilitates the measurement of attitudes and perceptions, enabling the identification of trends and relationships among variables.

For example, the organizational culture variable is assessed through items that gauge the values, norms, and behaviors exhibited within the organization. Similarly, business ethics is measured by

evaluating employees' perceptions of ethical practices within the organization. Organizational commitment is assessed through items that measure the degree of employees' emotional attachment, loyalty, and sense of responsibility towards the organization.

Data analysis in this study was conducted using Structural Equation Modeling with Partial Least Squares (SEM-PLS) utilizing Smart PLS 3 Software. SEM-PLS is chosen due to its ability to analyze complex relationships between latent constructs such as organizational culture, work ethics, and organizational commitment, which are measured by observed variables. This method is particularly suitable given the small sample size (36 respondents), as SEM-PLS is robust in handling such samples. The analysis will follow several steps: first, the measurement model will be evaluated for reliability and validity using Composite Reliability (CR), Average Variance Extracted (AVE), and Discriminant Validity. Next, the structural model will be assessed to test the hypothesized relationships between variables using path coefficients, R-squared (R^2), and t-values from bootstrapping. Additionally, indirect effects will be examined to explore potential mediation effects, such as whether business ethics mediates the relationship between organizational culture and organizational commitment. Finally, the model's predictive relevance will be assessed using the Stone-Geisser Q^2 statistic to ensure its adequacy in explaining the data. SEM-PLS allows for a comprehensive understanding of the direct and indirect relationships between the variables, making it an ideal choice for this study.

This quantitative approach is selected for its ability to systematically examine the relationships between variables using statistical techniques. The choice of quantitative methodology is also driven by the need to test hypotheses and provide objective, generalizable findings that can be used to inform policy and organizational practices. Given the nature of the research objectives—examining relationships between variables and drawing conclusions from a specified population—the quantitative method is well-suited for this study.

By utilizing this methodology, the study aims to contribute valuable insights into how organizational culture, business ethics, and organizational commitment interact, ultimately guiding improvements in organizational practices at the Regional Revenue Agency of X Regency.

RESULT AND DISCUSSION

The initial model was constructed and developed based on a literature review conducted by the authors. This preliminary model comprises three exogenous variables and two endogenous variables. Organizational Culture (X1), Work Ethics (X2), and Organizational Commitment (X3) serve as exogenous variables, while Employee Retention Rate (Y) acts as the endogenous variable. The initial model was designed to be tested in order to identify valid indicators and establish a final model ready for further examination. The following illustrates the initial model in this study:

Figure 1. Initial Model
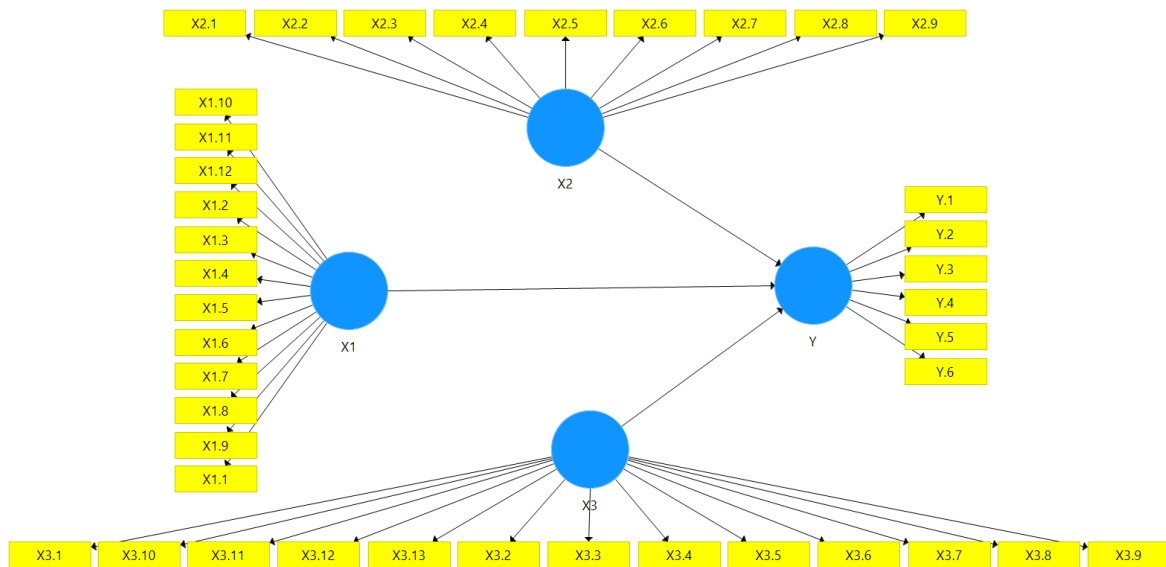
The initial model was constructed with the purpose of being tested to identify valid formative indicators and to establish a final model ready for further analysis. The analysis of the initial model aimed to determine which indicators effectively represent the constructs. Through this process, several indicators from the initial model were removed due to their invalidity. Based on the evaluation of the initial model using PLS algorithm calculations, the resulting loading factor values are presented as follows:

Figure 2. Initial Model Loading Factor
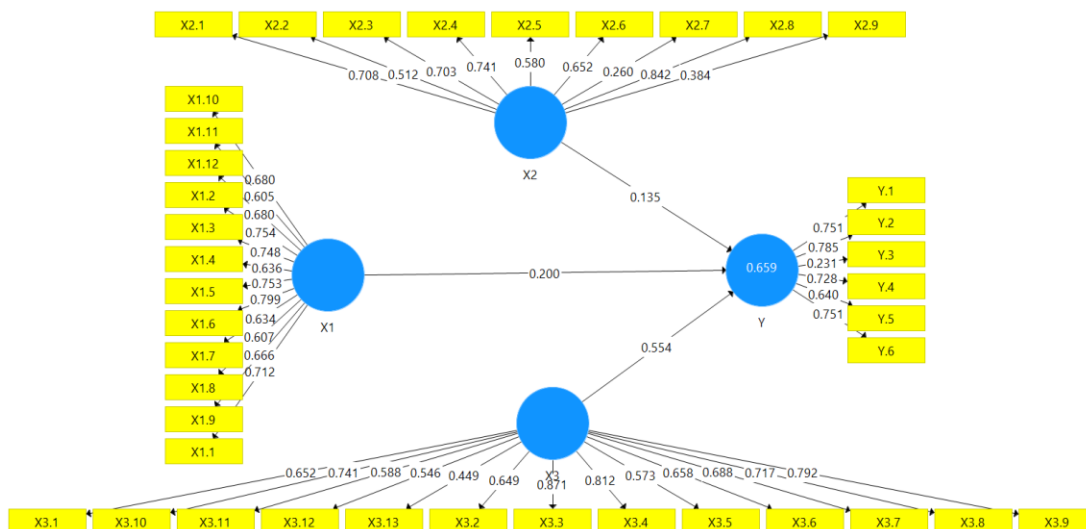
The validity of the indicators was assessed based on their loading factor values and compared to the established rule of thumb (>0.7). Indicators with loading factor values below 0.7 were removed, as they could not adequately represent the corresponding variables. In this study, several indicators met the rule of thumb criteria. The final model, after adjustment, is presented as follows:

Figure 3. The Final Model after Adjustment
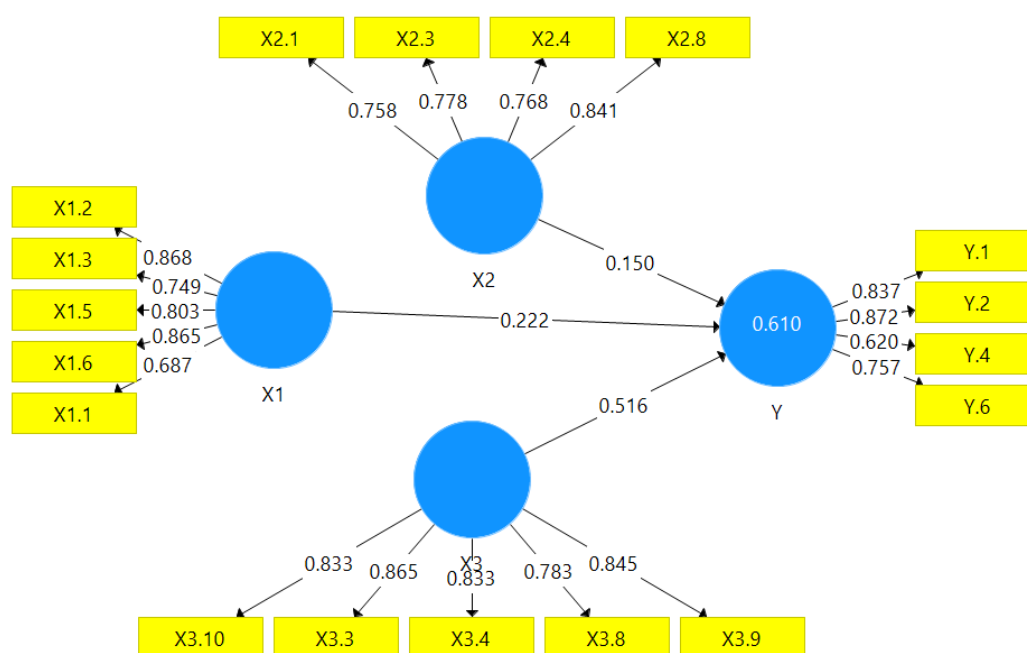
The validity testing in this study was conducted using two approaches: convergent validity and discriminant validity. Convergent validity was assessed through the loading factor values of each indicator, which must exceed the rule of thumb (>0.7) to be considered valid. Based on the final model, all loading factor values met this threshold, indicating that every indicator in the final model is valid. Furthermore, the discriminant validity test, evaluated through cross-loadings, confirmed that all constructs in this study demonstrated good discriminant validity. This was evidenced by each indicator showing higher loading values on its respective variable compared to other variables. An indicator is considered valid if its cross-loading value on its associated variable is greater than on any other variable. The results indicate that all constructs in the study fulfilled the criteria for discriminant validity, validating the robustness of the final model.

Table 2. Cross-loading discriminant validity

	X1	X2	X3	Y
X1.1	0.477	0.246	0.143	0.317
X1.2	0.603	0.385	0.376	0.426
X1.3	0.520	0.376	0.345	0.235
X1.5	0.558	0.267	0.308	0.281
X1.6	0.601	0.312	0.387	0.351
X2.1	0.295	0.526	0.369	0.383
X2.3	0.285	0.540	0.283	0.269
X2.4	0.365	0.533	0.374	0.294
X2.8	0.313	0.584	0.415	0.384
X3.3	0.350	0.442	0.601	0.455
X3.4	0.369	0.438	0.578	0.459

	X1	X2	X3	Y
X3.8	0.317	0.299	0.544	0.371
X3.9	0.285	0.382	0.587	0.367
X3.10	0.310	0.360	0.578	0.472
Y.1	0.317	0.316	0.403	0.581
Y.2	0.322	0.304	0.398	0.606
Y.4	0.257	0.404	0.388	0.431
Y.6	0.387	0.313	0.403	0.526

The test results indicate that all constructs in this study have met the criteria for good discriminant validity. This is evidenced by the Fornell-Larcker Criterion values, where the value of each variable in relation to itself is greater than its value in relation to other variables. An indicator is considered valid when the Fornell-Larcker Criterion value of a variable with itself is higher than its correlation with other variables. Based on the table presented, it can be concluded that all constructs in this study fulfill the requirements for discriminant validity, demonstrating the reliability of the data used in the analysis.

Table 3. Fornell-Larcker Criterion discriminant validity

	X1	X2	X3	Y
X1	0.797			
X2	0.573	0.787		
X3	0.567	0.669	0.832	
Y	0.600	0.622	0.742	0.777

The following tables 4 and 5 present the results of the Variance Inflation Factor (VIF) test: Based on the table above, the statistical results of the multicollinearity test can be observed through the VIF values. The VIF values for all indicators in this study, both for Inner VIF and Outer VIF, remain below 5 (<5), indicating that multicollinearity among the indicators is within acceptable limits.

Table 4. Outer VIF

	VIF		VIF		VIF		VIF
X1.2	2.695	X2.3	1.966	X3.4	2.154	Y.4	1.183
X1.3	2.115	X2.4	2.000	X3.8	2.679	Y.6	1.546
X1.5	2.417	X2.8	1.791	X3.9	3.392	X1.1	1.380
X1.6	2.875	X3.10	2.369	Y.1	4.252		
X2.1	1.457	X3.3	3.032	Y.2	4.864		

Table 5. Inner VIF

	X1	X2	X3	Y
X1				1.368
X2				2.012
X3				1.991
Y				

The following table 6 presents the results of the reliability test (Cronbach's Alpha, rho_A, Composite Reliability, and AVE): The reliability test results indicate that all constructs (X1, X2, X3, and Y) exhibit satisfactory values for Cronbach's Alpha, rho_A, and Composite Reliability (all above 0.7), as well as Average Variance Extracted (AVE) values exceeding 0.5. This suggests that these constructs demonstrate good internal consistency and convergent validity. Therefore, this research model can be considered reliable as it meets the minimum reliability criteria for three out of the four primary measurements.

Table 6. Reliability test results

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
X1	0.857	0.882	0.897	0.636
X2	0.798	0.808	0.867	0.619
X3	0.889	0.895	0.918	0.693
Y	0.773	0.774	0.857	0.604

The structural model analysis aims to demonstrate the contribution and relationships between independent variables and the dependent variable. Several tests were performed at this stage, including the R-Square, Q-Square predictive relevance, and hypothesis testing.

The R-Square test results reveal that 61.0% of the employee retention variable is explained by the independent variables in this study. This indicates that the model in this research is robust, as the dependent variable can be explained by the independent variables to a degree greater than 50%.

The F-Square test results are used to assess the effect of predictor variables on the dependent variable. The results show that the F-Square value for variables X1 and X2 on variable Y indicates a weak effect, as their values are between 0.02 and 0.15. Meanwhile, X3 on variable Y demonstrates a moderate effect, with a value between 0.15 and 0.35. These results align with the classifications where a value of 0.02 represents a weak effect (Sarstedt et al., 2017), 0.15 indicates a moderate effect, and 0.35 signifies a strong effect (Sarwono, 2015; Wijaya, 2015).

Regarding the Q-Square test, the results show that the Q^2 value for Y is 0.313, which satisfies the rule of thumb that Q^2 must be greater than zero. This suggests that the model meets the predictive relevance criterion, confirming that it has been effectively reconstructed.

Finally, in the hypothesis testing and path coefficient evaluation, all values must meet certain criteria: T-statistics must exceed 1.96, significance is determined by a P-value below 0.05, and the original sample indicates either a positive or negative relationship. The results show that two hypotheses are rejected due to not meeting the required t-statistics and significance values. Consequently, the variables of organizational culture and work ethics are found to have no significant effect on employee retention within an organization.

Table 7. The Hypothesis Testing and Path Coefficient Evaluation

Variable	Original	Sample Mean	Standard Deviation	T Statistic	P Values
X1 -> Y	0.222	0.239	0.160	1.383	0.167
X2 -> Y	0.150	0.140	0.168	0.890	0.374
X3 -> Y	0.516	0.518	0.145	3.554	0.000

Based on the analysis above, it is evident that two hypotheses in this study are rejected. This is due to the failure to meet the rule of thumb values for t-statistics and significance. Therefore, the variables of organizational culture and work ethics are found not to significantly influence employee retention within an organization.

Based on the T-Statistics test results, one hypothesis is accepted: the influence of organizational commitment on employee retention levels. Organizational commitment has been shown to positively and significantly affect employee retention within an organization. On the other hand, the variables of organizational culture and work ethics were found to have no significant relationship with increasing employee retention.

The results indicate that organizational commitment has a significant impact on employee retention, while organizational culture and work ethics do not show a significant effect. This finding is consistent with Reiningsih Reke et al. (2023), who also found that organizational culture had only a partial and insignificant effect on retention. One possible explanation is that organizational culture operates as an underlying framework that shapes behavior over time, but its immediate impact on retention may be overshadowed by more tangible factors such as career advancement and compensation (Sheridan, 1992). Similarly, the insignificant effect of work ethics aligns with Erika (2016), who suggested that ethical principles, while important, may not directly influence an employee's decision to stay unless they are reinforced through organizational policies and rewards.

The non-significance of organizational culture in this study contradicts findings from Wahyudin (2022) and Purbarini et al. (2021), who emphasized its strong role in fostering employee loyalty. This discrepancy may stem from differences in organizational settings and employee expectations. In some organizations, culture may play a central role in retention, whereas in others, especially those with standardized public service regulations like BAPENDA, external motivators such as job security and salary may outweigh cultural factors. Future studies should explore whether certain cultural dimensions, such as leadership style or teamwork, have a more direct impact on retention.

Additionally, the impact of organizational culture may take a longer time to manifest, making it difficult to measure its direct effect in a short-term study like this.

From a practical standpoint, these findings suggest that organizations, particularly in the public sector, should prioritize enhancing organizational commitment through initiatives that increase employee engagement, provide career development opportunities, and foster a sense of belonging. As supported by Lee & Kim (2023), high levels of commitment are associated with lower turnover intentions and increased job satisfaction. HR departments should consider implementing mentorship programs, leadership training, and structured career progression pathways to strengthen employee commitment. Providing clear and structured career pathways, as well as professional development programs, can enhance employees' sense of belonging and long-term commitment to the organization.

Moreover, while work ethics did not show a direct effect on retention, its role in shaping workplace behavior remains essential. Organizations should integrate ethical standards into performance evaluations and recognition programs to reinforce their importance. Ethical leadership, as highlighted by Mitonga-Monga et al. (2023) can create a culture where employees feel valued and respected, potentially influencing long-term retention. One possible reason work ethics did not significantly impact retention in this study could be that employees prioritize tangible factors such as compensation and career growth over ethical considerations when making job decisions. Future research could examine whether work ethics play a stronger role when combined with other factors such as ethical leadership and corporate social responsibility initiatives.

Overall, these findings emphasize the importance of understanding how different organizational factors contribute to employee retention. While organizational culture and work ethics alone may not directly influence retention in this study, their interplay with other variables should be further explored. Future research should examine additional moderating factors, such as job satisfaction and leadership style, to provide a more comprehensive perspective on retention strategies.

CONCLUSION

Based on the research results, several conclusions can be drawn:
1. Only variable X3 has a significant effect on the dependent variable Y at a 95% confidence level. This variable contributes the most in explaining the variation in Y. The strong influence of X3 indicates its importance in the model and its capacity to account for a significant portion of the dependent variable's variance.
2. Variables X1 and X2 do not have a significant impact on Y. As a result, their contributions to the model are minimal, which explains why the Adjusted R^2 value in the initial analysis is lower than the R^2. This suggests that the model may benefit from the removal or reconsideration of these variables in future studies.

3. Overall, the model demonstrates a moderate predictive ability for Y; however, there is potential for improvement. Future research could enhance the model by revisiting the relevance of

variables X1 and X2 or by adding new variables that may have a more significant impact on Y. This would increase the model's explanatory power and predictive accuracy.

This study concludes that organizational commitment plays a crucial role in employee retention, whereas organizational culture and work ethics do not have a direct significant impact. The strong influence of commitment suggests that organizations should focus on fostering employee engagement, career development, and a sense of belonging to enhance retention. Strategies such as structured career progression, leadership training, and mentorship programs can be effective in improving commitment levels.

For organizations, particularly in the public sector, these findings highlight the need to shift focus from broad cultural changes to more targeted initiatives that directly enhance employee commitment. While organizational culture and work ethics remain important for overall workplace harmony, their role in retention appears to be more indirect. HR policies should integrate engagement-driven approaches, such as performance recognition systems and continuous professional development opportunities, to encourage long-term employee loyalty.

Future research should explore additional factors that may influence retention, such as job satisfaction, leadership style, and psychological contract fulfillment. Expanding the study to larger sample sizes and different organizational contexts would provide a broader understanding of how these factors interact. Moreover, investigating the long-term effects of organizational culture on retention could clarify its delayed impact, particularly in structured institutions like government agencies.

REFERENCE

Abdolmaleki, G., Naismith, N., Ghodrati, N., Poshdar, M., & Babaeian Jelodar, M. (2024). An analysis of the literature on construction employee turnover: drivers, consequences, and future direction. *Construction Management and Economics*, *42*(9), 822–846. https://doi.org/10.1080/01446193.2024.2337084

Abdul Rojak, J., Dwijanto Witjaksono, A., & Kistyanto, A. (2024). The Influence of Transformational Leadership and Organizational Culture on Employee Performance. *EDUKASIA: Jurnal Pendidikan Dan Pembelajaran*, *5*, 977–990. https://jurnaledukasia.org

Akparep, J. Y., Jengre, E., & Mogre, A. A. (2019). The Influence of Leadership Style on Organizational Performance at TumaKavi Development Association, Tamale, Northern Region of Ghana. *Open Journal of Leadership*, *08*(01), 1–22. https://doi.org/10.4236/ojl.2019.81001

Alfathur Rachman, A., Julda Al Hafiz, M., Vernanda, P., & Rizki Maulia, I. (2024). *The Influence Of Organizational Culture And Leadership Style On Employee Performance*. *2*(1), 3025–4396. https://doi.org/10.59603/ppiman.v2i1.304

Ali, M. D. (2025). Organizational Culture and Employee Turnover at Dahabshiil Bank in Mogadishu, Somalia. *Integrated Journal for Research in Arts and Humanities*, *5*(1), 30–44. https://doi.org/10.55544/ijrah.5.1.5

Almerri, H. S. H. (2023). Investigating The Impact of Organizational Culture on Employee Retention: Moderating Role of Employee Engagement. *Journal of System and Management Sciences*, *13*(4), 488–507. https://doi.org/10.33168/JSMS.2023.0429

Al-Mualm, J. A. (2023). Effects of ethical leadership and emotional intelligence on organization commitment. *Journal of Global Social Sciences*, *4*(14), 119–146. https://doi.org/10.58934/jgss.v4i14.156

Alsemeri, H. A. (2016). *Factors affecting job satisfaction: An empirical study in the public sector of Saudi Arabia*.

Ayari, A., & AlHamaqi, A. (2022). Investigation of Organizational Commitment and Turnover Intention: A Study of Bahraini Oil and Gas Industry. *Employee Responsibilities and Rights Journal*, *34*(2), 123–138. https://doi.org/10.1007/s10672-021-09382-2

Denis, U., & Khodor, S. (2021). The Impact of Workplace Culture on Employee Retention: An Empirical Study from Lebanon. *Journal of Asian Finance*, *8*, 541–0551. https://doi.org/10.13106/jafeb.2021.vol8.no12.0541

Donkor, F., Dongmei, Z., & Sekyere, I. (2021). The Mediating Effects of Organizational Commitment on Leadership Styles and Employee Performance in SOEs in Ghana: A Structural Equation Modeling Analysis. *SAGE Open*, *11*(2). https://doi.org/10.1177/21582440211008894

Erika, D. B. (2016). *PENGARUH ETIKA KERJA DAN KOMITMEN ORGANISASI TERHADAP KINERJA KARYAWAN PT. PLN PERSERO (Studi Terhadap Karyawan PT PLN Persero Kota Malang)*.

Fadilla, Z., Ketut Ngurah Ardiawan, M., Eka Sari Karimuddin Abdullah, M., Jannah Ummul Aiman, M., & Hasda, S. (2022). *METODOLOGI PENELITIAN KUANTITATIF*. Yayasan Penerbit Muhammad Zaini. http://penerbitzaini.com

Faisal, A., Sapada, A., Basri Modding, H., Gani, A., & Nujum, S. (2017). *The effect of organizational culture and work ethics on job satisfaction and employees performance*. https://doi.org/10.9790/1813-0612042836

Goyal, R., & Kaur, G. (2023). Identifying the impact of employer branding in the retention of nurses: the mediating role of organizational culture and career development. *Humanities and Social Sciences Communications*, *10*(1). https://doi.org/10.1057/s41599-023-01794-9

Grabowski, D., Chudzicka-Czupała, A., & Stapor, K. (2021). Relationships between work ethic and motivation to work from the point of view of the self-determination theory. *PLOS ONE*, *16*(7), e0253145. https://doi.org/10.1371/journal.pone.0253145

Hemsworth, D., Muterera, J., Khorakian, A., & Garcia-Rivera, B. R. (2024). Exploring the Theory of Employee Planned Behavior: Job Satisfaction as a Key to Organizational Performance. *Psychological Reports*. https://doi.org/10.1177/00332941241252784

Hermanto, Y. B., Srimulyani, V. A., & Pitoyo, D. J. (2024). The mediating role of quality of work life and organizational commitment in the link between transformational leadership and organizational citizenship behavior. *Heliyon*, *10*(6). https://doi.org/10.1016/j.heliyon.2024.e27664

Holliday, M. (2024, September 27). *What Is Employee Retention? Benefits, Tips & Metrics*. Https://Www.Netsuite.Com/Portal/Resource/Articles/Human-Resources/Employee-Retention.Shtml.

Horton, M. (2024, September 24). *Why Are Business Ethics Important? A Guide*. Https://Www.Investopedia.Com/Ask/Answers/040815/Why-Are-Business-Ethics-Important.Asp#:~:Text=Business%20ethics%20involve%20a%20guiding,Term%20financial%20rewards%20for%20companies.

Inegbedion, H. (2022). Motivators of employee commitment at multinational organisations in emerging economies: Empirical evidence from Nigeria. *Humanities and Social Sciences Communications*, *9*(1), 234. https://doi.org/10.1057/s41599-022-01169-6

Jun, M., & Eckardt, R. (2023). Training and employee turnover: A social exchange perspective. *BRQ Business Research Quarterly*. https://doi.org/10.1177/23409444231184482

Kakaire, A. (2021). Strong Work Ethics; The Ignored Antecedent Which Influences Employee Commitment in Public and Private Sector Organizations. In *www.ijbmm.com International Journal of Business Marketing and Management* (Vol. 6). www.ijbmm.com

Kossivi, B., Xu, M., & Kalgora, B. (2016). Study on Determining Factors of Employee Retention. *Open Journal of Social Sciences*, *04*(05), 261–268. https://doi.org/10.4236/jss.2016.45029

Lappi, E. (2024). New hires, adjustment costs, and knowledge transfer - evidence from the mobility of entrepreneurs and skills on firm productivity. *Industrial and Corporate Change*, *33*(3), 712–737. https://doi.org/10.1093/icc/dtad032

Lee, M., & Kim, B. (2023). Effect of Employee Experience on Organizational Commitment: Case of South Korea. *Behavioral Sciences*, *13*(7). https://doi.org/10.3390/bs13070521

Malik, E., Baig, S. A., & Manzoor, U. (2020). Effect of HR Practices on Employee Retention: The Role of Perceived Supervisor Support. *Journal of Public Value and Administrative Insight*, *3*(1), 1–7. https://doi.org/10.31580/jpvai.v3i1.1201

Mani, D., Abbasi, A. R., & George, R. (2023). An exploratory analysis of new firm foundings by trading community members and their survival. *IIMB Management Review*, *35*(4), 359–369. https://doi.org/10.1016/j.iimb.2023.11.001

Meirinhos, V., Abrunhosa, S., & Martins, D. (2018). Employees' Retention: Concept, Practices, and Impact Factors. *Journal of Human Resources Management Research*, *2018*, 1–10. https://doi.org/10.5171/2018.390739

Mitonga-Monga, J., Mokhethi, M. E., Keswa, B. S., Lekoma, B. S., Mathebula, L. X., & Mbatha, L. F. (2023). Ethical leadership in relation to employee commitment in a South African manufacturing company. *Acta Commercii*, *23*(1). https://doi.org/10.4102/ac.v23i1.1046

Onyango, B., Otieno Obonyo, G., & Chepngetich, B. (2022). Organizational Culture Orientations and Employee Turnover Rate among Star Rated Hotels in Nairobi County. *International Journal of Scientific Research and Management*, *10*(10), 4070–4083. https://doi.org/10.18535/ijsrm/v10i10.em07

Purbarini, A. H., Hidayat, Z., Stie, H., & Lumajang, W. G. (2021). *Analisis Budaya Organisasi, Komitmen Organisasi Dan Kompensasi Terhadap Peningkataan Retensi Karyawan (Studi Kasus Pada Karyawan KUD Sri Tanjung Desa Krai)*. *4*(1), 312. http://proceedings.stiewidyagamalumajang.ac.id/index.php/

Putriana, L., Wibowo, Umar, H., & Riady, H. (2015). The Impact of Organizational Culture On Job Satisfaction, Organizational Commitment And Job Performance : Study on Japanese Motorcycle Companies in Indonesia. In *International Journal of Education and Research* (Vol. 3, Issue 9). www.ijern.com

Ranawat, P. (2024). Employee Retention in Human Resource. *Certified Journal*, *13*. https://doi.org/10.15680/IJIRSET.2024.1312054

Reiningsih Reke, F., Kasim Moenardy, K., & Struce Andrryani, dan. (2023). PENGARUH BUDAYA ORGANISASI DAN PENGEMBANGAN KARIR TERHADAP RETENSI KARYAWAN KRISTAL HOTEL KUPANG. In *Jurnal Bisnis & Manajemen* (Vol. 15, Issue 1).

Rizwan, M., Zeeshan, C., & Mahmood, S. (2017). *The impact of perceived ethical leadership and organizational culture on job satisfaction with the mediating role of organizational commitment in private educational sector of Islamabad, Pakistan.*

Sarstedt, M., Ringle, C. M., & Hair, J. F. (2017). Treating unobserved heterogeneity in PLS-SEM: A multi-method approach. In *Partial Least Squares Path Modeling: Basic Concepts, Methodological Issues and Applications* (p. 197). Springer International Publishing. https://doi.org/10.1007/978-3-319-64069-3_9

Sarwono, J. (2015). *MENGENAL PLS-SEM*. https://jonathansarwono.info/teori_spss/PLSSEM.pdf

Sheng, Z., Peng, Y., & Jiang, W. (2023). *The Role of Ethical Leadership in Enhancing Organizational Performance* (pp. 417–423). https://doi.org/10.2991/978-94-6463-344-3_48

Sheridan, J. E. (1992). Organizational Culture and Employee Retention. *Academy of Management Journal*, *35*(5), 1036–1056. https://doi.org/10.5465/256539

Sorn, M. K., Fienena, A. R. L., Ali, Y., Rafay, M., & Fu, G. (2023). The Effectiveness of Compensation in Maintaining Employee Retention. *OALib*, *10*(07), 1–14. https://doi.org/10.4236/oalib.1110394

Sumlin, C., Hough, C., & Green, K. (2021). The Impact of Ethics Environment, Organizational Commitment, and Job Satisfaction on Organizational Performance. *Journal of Business and Management*, *27*(1), 53–78. https://doi.org/10.6347/JBM.202103_27(1).0003

Tende, F. B., & Amah, E. (2021). ETHICAL LEADERSHIP: A PREREQUISITE FOR ACTUATING EMPLOYEE LOYALTY. *Research Journal of Management Practice |*, *1*(5), 2782–7674. https://doi.org/10.46654/RJMP

Varma, C., Chandrahauns, D., & Chavan, R. (2019). Issue 6 www.jetir.org (ISSN-2349-5162). In *JETIR1906890 Journal of Emerging Technologies and Innovative Research* (Vol. 6). JETIR. www.jetir.org

Vivian Madueke, C., & Chimezie Emerole, I. (2017). Organizational Culture and Employee Retention of Selected Commercial Banks in Anambra State. *Saudi Journal of Business and Management Studies*. https://doi.org/10.21276/sjbms.2017.2.3.16

Wahyudi, A. S., Syauki, A. Y., Sunaeni, Judijanto, L., & Irfan, M. (2023). Strategies for Enhancing Employee Retention: A Qualitative Study on Modern Human Resource Management Practices. *International Journal of Science and Society*, *5*(5), 566–573. https://doi.org/10.54783/ijsoc.v5i5.917

Wahyudin, H. (2022). Budaya Organisasi. *Multiverse: Open Multidisciplinary Journal*, *1*(3). https://doi.org/10.57251/multiverse.v1i3.716

Wijaya, A. (2015). *Contoh Analisa Cepat Analisa SEM dengan smartPLS*. https://doi.org/10.13140/RG.2.1.4862.6164

Xuecheng, W., Iqbal, Q., & Saina, B. (2022). Factors Affecting Employee's Retention: Integration of Situational Leadership With Social Exchange Theory. *Frontiers in Psychology*, *13*. https://doi.org/10.3389/fpsyg.2022.872105

Zoechriba, Devis Maulidy, Respati, H., & Firdiansjah, A. (2020). The Impact of Organizational Culture and Leadership on Employee Performance with Commitment Organization as Mediation, Pt Indolakto Indonesia. *East African Scholars Journal of Economics, Business and Management*, *3*(9), 716–722. https://doi.org/10.36349/easjebm.2020.v03i09.002