



ANALYSIS MODEL SERVANT LEADERSHIP, FLEXIBLE WORK ARRANGEMENTS, AND ORGANIZATIONAL CLIMATE IN PREDICTING EMPLOYEE RETENTION: CASE STUDY ON THE BANKING SECTOR

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Abstrak

Tujuan penelitian ini adalah untuk menguji pengaruh langsung kepemimpinan pelayan, pengaturan kerja fleksibel, dan iklim organisasi terhadap retensi karyawan serta menguji hubungan struktural antar variabel dalam model penelitian yang dikembangkan. Penelitian ini menggunakan desain penelitian kuantitatif dan analisis datanya menggunakan SPSS 23. Populasi penelitian ini adalah seluruh pegawai tetap pada bank umum di seluruh Indonesia dan jumlah sampel sebanyak 200 orang yang terdiri dari pegawai operasional, staf administrasi, customer service, teller, analis kredit dan supervisor yang telah bekerja lebih dari setahun. Temuan penelitian ini mengungkapkan bahwa kepemimpinan yang melayani, pengaturan kerja yang fleksibel dan iklim organisasi mempunyai pengaruh positif yang signifikan terhadap retensi karyawan. Analisis jalur menemukan bahwa kepemimpinan yang melayani meningkatkan retensi karyawan melalui peningkatan kepercayaan karyawan, keterlibatan kerja, dan komitmen organisasi. Pengaturan kerja yang fleksibel meningkatkan keseimbangan kehidupan kerja dan kepuasan kerja yang mendorong niat karyawan untuk tetap berada di organisasi. Selain itu, iklim organisasi yang positif juga ditemukan memperkuat loyalitas dan komitmen karyawan terhadap organisasi. Secara simultan, kepemimpinan pelayan, pengaturan kerja fleksibel, dan iklim organisasi secara simultan berpengaruh signifikan dalam menjelaskan retensi pegawai di sektor perbankan. Temuan ini akan memperkaya pengetahuan tentang perilaku organisasi dalam kaitannya dengan retensi pegawai di sektor perbankan, dan memberikan implikasi praktis kepada manajemen bank dalam merancang kepemimpinan layanan, menerapkan pengaturan kerja yang fleksibel, dan menciptakan iklim yang mendukung keberlanjutan sumber daya manusia.

Kata Kunci: Retensi Karyawan, Kepemimpinan, Pengaturan Kerja Fleksibel, Iklim Organisasi

Abstract

. The purpose of this study is to examine direct effect of servant leadership, flexible work arrangements, and organizational climate to employee retention and testing the structural relationships between variables in a developed research model. This study employs quantitative research design and the data analysis used SPSS 23. Population of this study was all permanent employees in the public bank throughout Indonesia and the total number of samples was 200 which consist of operational employee, staff administration, customer service, teller, credit analyst and supervisor who have worked more than a year. The finding of this study revealed that servant leadership, flexible work arrangements and organizational climate have significant positive effect on employee retention. The path analysis found that servant leadership increases employee retention through enhances employees' trust, job engagement and organizational commitment. Flexible work arrangements increase work-life balance and job satisfaction which drives employees' intention to remain with the organization. Moreover, positive organizational climate is also found to reinforce employee loyalty and commitment towards organization. Simultaneously, servant leadership, flexible work arrangements, and organizational climate simultaneously have significant effect on explaining employee retention in banking sector. This finding would enrich knowledge of organization behavior in relation to employee retention in the banking sector, and provide practical implications to banks' management in designing service leadership, implemented flexible work arrangement, and creating climate to support human resources sustainability.

Keywords: Employee Retention, Servant Leadership, Flexible Work Arrangements, Organizational Climate

INTRODUCTION

With the transformation of global business environment and due to the globalization, digitalization and the intense competition among organizations, human resources have become the important and strategic variable for sustainability of the organization (Olaleye et al., 2024; Gomes et al., 2023; Simatupang et al., 2022). In the banking sector, management of human resources becomes more critical, since the sector needs a greater amount of professional, great service, and speed in adapting to the changes in fin-tech sector (Indajang et al., 2024; Chan et al., 2017; Alsakarneh et al., 2024) and employee retention become one of critical problems in modern human resource management (Romi et al., 2023). The increase of turnover among banking employees leads not only to rise recruitment and training costs but also the productivity and service quality and customer trust (Selvi & Aiswarya, 2023; Kaushalya & Perera, 2018). Ehrhart & Kuenzi (2017) stated that organizational climate and organizational culture has effects toward employees turnover behavior, since the organizational environment shape peoples' perception, attitude, attachment toward the company.

The shift in the way of working after the COVID-19 pandemic have also effect employee' expectation to organizations, nowadays the employees do not only seek monetary incentives, they also expect a flexibility of work, organizations support, work-life balance and humanitarian leadership (Kmieciak, 2022; Rawashdeh & Tamimi, 2020). The banking sector is known as a high target and workload sector and the organizations within this sector have to change to a more adaptable and employees welfare focused retention strategy (Imran et al., 2021; Khan et al., 2022). According to Govaerts et al. (2011), an organization that develop a positive

working and learning environment is a successful in retaining gifted employee better than organizations do not consider individual needs. Therefore, banks have to develop managing system to continually develop employee' loyalty and commitment.

One kind of leadership behavior which is deemed effective in promoting employee retention is servant leadership (Jang & Kandampully, 2018; Achen et al., 2019). The term servant leadership first developed by Greenleaf proposed that leadership should be about service to others, development of individuals and growth of organizations' members (Hsiao et al., 2015; Okecha et al., 2024). In practical aspect, servant leadership is thought to be able to develop employee relations that characterized by trust, sympathy and empowerment (Nastenکو et al., 2024; Shetty et al., 2022). Sukhija et al. (2026) had provided empirical evidence by examining the relationship between servant leadership and employee retention in corporate organizations of India, and they concluded that service-oriented leadership was negatively correlated with employee turnover intention and positively related with retention and loyalty.

Also, in a study about restaurant firms in US by Jang and Kandampully (2018), the finding was servant leadership had a significant negative relationship with turnover intention via affective organizational commitment. Achen et al. (2019) found that servant leadership could also generate greater trust in leaders and job satisfaction, and ultimately decrease turnover intentions in a collegiate sport organization. Moreover, in a research with service firms in Ukraine, Nastenko et al. (2024) found servant leadership had a significant positive impact on motivation and retention when the organization suffered instability. Shetty et al. (2022) provided research on manufacturing firms

and higher education in India showing that servant leadership could elevate the level of perceived organizational support.

Apart from servant leadership, another increasingly significant factor on employee retention strategies is flexible work arrangements (FW A) (Tsen et al., 2021; Jiejing et al., 2024). FW A enables employees to have control over their time and work place, resulting in increased work-life balance and Job Satisfaction (Muchowe et al., 2025; Brega et al., 2024; Magnusson, 2021). It has been found that the flexible work arrangements can reduce the turnover intentions by enhance the level of job satisfaction, organizational commitment and decrease work-family conflict (Jiejing et al., 2024). Meanwhile, research on work flexibility has also found that work flexibility can improve work performance on the base of having gender a moderator (Muchowe et al., 2025). Thus, the work flexibility is essential in establishing a supportive working atmosphere for contemporary workers.

Work flexibility research has been also developed by Brega et al. (2024), the work flexibility might be included in the collective agreement, improve work-life balance, and well-being of employees. Flexible working has connection to the job characteristics, gender and wages of the Swedish companies (Magnusson, 2021). Work flexibility needs the organization strategy to have the good work conditions, and a good work place environment (Pagard et al., 2023). Wanger (2024) found that work-life balance of career work can be improved through adopting family-friendly flexible working policies in Germany.

Another variable that significantly contributes to employee retention is the organizational climate (Govaerts et al., 2011; Lan et al., 2020). Organizational climate indicates the employee's perception of the work environment, reward system, interpersonal relations, organizational

support and job security (Datta, 2020; Ramasamy et al., 2025). Jing et al., (2011) propose that a positive organizational climate positively affects organizational performance and employee job satisfaction. Similarly, Clark (2002) shows that positive perceptions of organizational climate positively affect customer retention within the banking sector of the United Kingdom. In addition, Al-khasawneh (2013) finds that the organizational climate and job turnover have a strong positive relationship within the Jordanian hospitality sector especially superior-subordinate relationships and job security. These findings suggest that a favorable organizational climate could encourage employee loyalty toward the organization.

Although previous studies of servant leadership, flexible working arrangements, and organizational climate have been investigated previously, these studies have been carried out piecemeal and in isolation. Regarding the servants leadership variable, research has been conducted mainly on turnover intention and organizational commitment but not incorporating work flexibility and organizational climate into a single model (Cerit, 2010; Jang & Kandampully, 2018). For the work flexibility, researches have focused mainly on work life balance and job performance but not the employee retention (Ngos & Rift, 2025; Guoqiang & Bhaumik, 2024). On the other hand, majority of the researches are made within the scope of hospitality, education, manufacturing and general services sectors, so limited study on the three variables are investigated within the banking sector. In addition, most previous studies used conventional regression analyses, thus it did not employ Structural Equation Modelling-Partial Least Squares (SEM-PLS).

Based on these gaps, this study seeks to develop an empirical model that integrates servant leadership, flexible work

arrangements, and organizational climate in predicting employee retention in the banking sector. Theoretically, this study is expected to expand the development of human resource management and organizational behavior literature, particularly regarding the integration of servant leadership, flexible work arrangements, and organizational climate in explaining employee retention. The results of this study are expected to provide a strategic basis for banking management in designing leadership policies, work flexibility, and organizational climate that support human resource sustainability. Thus, the main objective of this study is to analyze the influence of servant leadership, flexible work arrangements, and organizational climate on employee retention in the banking sector, to develop an empirically grounded model to enhance loyalty and sustainable organizational performance.

LITERATURE REVIEWS

Grand Theory

This research is underpinned by Social Exchange Theory (SET) presented by (Jang & Kandampully, 2018). It suggests that relations between persons and between individuals and organization can only be developed through mutual process of social exchange. In the organizational environment employees tend to reply positively if they believe the organization cares about them, pays attention to them, and treat them fairly. A Servant leadership is one kind of organizational support, shown in leader's behavior which focuses on employee's needs, development and well-being. While, a flexible working is the expression of organization's concern about allowing the employee's access to workplace flexibility for the work-life balance. An organizational climate is the work environment that can facilitate task

execution and career development and which is perceived as supportive and safe. Based on the SET view, these different types of support are viewed as investment on employees, stimulating greater sense of trust, engagement, commitment and loyalty. In order to pay back, employees tend to develop organizational beneficial behaviors, which include enhancing performance, job engagement, willingness to stay in the organization in the long run etc. Thus, social exchange theory provides solid theoretical basis on which it is possible to understand servant leadership, flexible working, organizational climate contributes to employee retention in the competitive environment of talent competition, digitalization and rapidly changing workplace in the banking industry.

Servant Leadership

Servant leadership is regarded as a leadership style where services, empowerment and development of followers is central to the leader-subordinate relationship (Van der Hoven et al. 2021; Shetty et al. 2022). Within current human resource management practices, servant leadership is gaining increased importance given high employee turnover and low employee loyalty (Liao et al. 2024). Jang and Kandampully (2018) found servant leadership to be significantly influential on reducing turnover intention by way of affective organizational commitment in the restaurant industry in United States. Similar to their findings, Achen et al. (2019) proved servant leadership enhances follower trust on the leader and job satisfaction and, in turn, decreases turnover intentions in collegiate sports organizations. However, Sukhija et al. (2026) demonstrated that servant leadership is very strongly related to employee retention and is accountable for

71% variance of employee retention within the corporate sector in India.

However, varying results from different studies have been observed given particular organizational context and work culture. Ortiz-Gmez et al. (2022) highlighted that servant leadership cannot increase employee well-being directly, it needs to have the support from authentic leadership as a job resource of the organization. Therefore servant leadership should not be taken as a single construct but as a relational process which depends on both psychological factors and environment of the organization. According to many new studies, the impact of servant leadership on employee retention are increasingly developed by combining psychology-based view of employee empowerment, organizational support view and organizational climate view (Wanyana et al. 2026; Jang and Kandampully 2018). Nastenکو et al. (2024) argued that servant leadership is of great significance in improving follower's motivation and retention in service sectors with an empathy-based and empowerment-based leadership style.

Apart from that, Shetty et al. (2022) indicated that servant leadership is very closely linked to perceived organizational support, which in turn, leads to stronger employee organizational loyalty. However, Song et al. (2025) revealed that when front-line leaders' attention were focused too much on organizational-oriented top management's goals, the impact of servant leadership might be less strong, leading to lower employee well-being and retention. Thus, empirical inconsistencies of the relationship between servant leadership and employee retention exist, and most researches explored only turnover intention rather than more strategic outcomes of employee retention. Considering several researches mentioned above, this study seeks to develop hypotheses:

H1: Servant leadership affects employee retention

Flexible Work Arrangements

In the last few years, Flexible Working Arrangement (FWAs) is implemented as a HRM practice for improving job satisfaction, work life balance and commitment by employees by allowing flexible working hours and working locations (Muchowe et al. 2025; Guoqiang & Bhaumik 2024). The study of FWAs in terms of turnover intention has gain a great interest particularly in the post-pandemic period since human capital is demanding a more flexible work arrangements in an effort to enhance the work and working condition, employee desire to exercise more autonomy and to seek higher work life quality (Jauhar & Suratman 2022; Mulyadi et al. 2025). Related with this, a study by Jiejing et al. (2024) prove that the implementation of FWAs leads to a positive impact of reducing turnover intention both directly and indirectly through work-life balance, job satisfaction and organizational commitment. This result was confirmed by Shilpakar et al. (2024) who had an interesting finding regarding employee engagement as mediating variable of the effect of FWAs on turnover intention in service sector in Nepal. However, the findings concerning to FWAs efficiency results varies depending on organizations' context. Tsen et al. (2021), found that job independence acted as moderating variable on turnover intention of the effect of FWAs and stated that low level of job independence tended to result in a higher tendency to turnover regardless of working flexibility.

In addition, the researches from Magnusson (2021) indicated that FWAs were mostly tied with a gender perspective and specific organizational structure; hence not all employees in the organization benefited from flexible work. This

synthesis suggests that FWAs are not simply bureaucratic mechanisms but organizational practices, which are mediated by the nature of jobs and social dynamics within organizations. According to the latest research evidences, FWAs offer far broader strategic opportunities concerning organizational sustainability and retention of high-quality workforce (Muchowe et al., 2025; Shilpakar et al., 2024). Pagard et al. (2023), shows that participative organization practices in flexible work settings may help clarify working processes, improve employee's working practices and well-being; Furthermore, Brega et al. (2024), state that individual's access to FWAs depends strongly on institutional mechanisms and collective work agreements.

The study carried out by Ngos & Rift (2025) in Kenyan non-governmental organizations also confirmed the positive and significant relationship between flexible working hours (FWAs) and employee retention through work-life balance and burn-out reduction. Owioye et al. (2020), in turn, highlighted that not only are flexible working hours beneficial in retention, but also contribute to decreased stress levels and better performance of employees within the Nigerian manufacturing sector. Nonetheless, as far as it was demonstrated from the review literature, there seems to be research gap requiring further research. That is most FWAs studies were focused on turnover intention rather than employee retention as a current reality within organization, Furthermore, existing studies have concentrated on organizations sector on education, manufacturing, technology and non-profit, thus making research on banking sector limited. Hence, Based on the review of several above studies, this research was conducted for hypothesis development:

H2: Flexible work arrangements affect employee retention

Organizational Climate

Organizational climate is the employee's shared perception of policies, practices, support, and environment at the workplace that can influence employees' work behavior and attitude within the organization (Ehrhart & Kuenzi, 2017; Clark, 2002). Research on current literature indicated that organizational climate can be significantly associated with employee retention, as a supportive working climate may contribute to an increase in job satisfaction, organizational commitment, and psychological well being of the employees (Al-khasawneh, 2013; Li et al., 2020). Ehrhart & Kuenzi (2017) claimed that organizational climate serves as a psychological context that shapes the meaning of work experiences and has an immediate effect on turnover behavior. These findings were also proved by Lan et al. (2020) showing that organization climate has positive effect on retention of health workers through the mediation of job satisfaction. Further, Datta (2020) proved that each dimensions of organizational climate (i.e., support of leadership, cohesion, feedback, clarity systems) has a negative relation to the turnover tendency in the hospitality industry of India.

However, some studies have inconsistent results. Johnston & Spinks (2013) found that organization climate does not always directly relate to turnover intention in franchises; for instance, if external factors, e.g., economic crisis, could result in negative employees' perception about job security. Overall, it can be concluded that organizational climate has different effect on retention; context-specific factors both internal and external (e.g. Industries, leadership, economic condition) of organization can

influence the effects. Recent studies show that it can affect not only through job satisfaction but also engagement, diversity and inclusion, and interpersonal relations (Johnston & Spinks, 2013; Lan et al., 2020).

Ramasamy et al. (2025) found that organizational climate mediate the relationships between workforce diversity and employee retention as well as employee engagement in IT and ITeS sector. Govaerts et al. (2011) highlighted that positive learning and working climate could enhance employees' intent to stay because employees perceive career development and support from organization. The study conducted by Jing et al. (2011) also proved that a supportive climate can lead to the increase of employees' job satisfaction and commitment to the organization, hence decrease employee turnover. In the service sector, Al-khasawneh (2013) reported that each of dimension of organizational climate such as rewards, supervisor relations and job security have positive influence on employees' turnover in the hotel industry in Jordan. Based on the above findings, hypothesis for this study was developed as follow:

H3:Organizational climate influences employee retention

METHODS

This study uses a quantitative approach with an explanatory research design to analyze the influence of servant leadership, flexible work arrangements, and organizational climate on employee retention in the banking sector (Creswell, 2014). The explanatory approach was chosen because this study aims to explain the causal relationship between variables based on a formulated empirical model. This research was conducted at four commercial banks in Indonesia namely Bank Mandiri, Bank Rakyat Indonesia

(BRI), Bank Negara Indonesia (BNI), and Bank Central Asia (BCA). Those selected as research locations because these banks were facing changes and adapting digital transformation and also confronted with the challenge in maintaining employee and also sustainability of human resources.

The research population was 1,245 permanent employees working in operational, customer service, administration, credit analysis and supervisor division. Through purposive sampling technique selected as much as 200 employee who have minimum working experience of 1 year as respondent. The research unit of analysis was each banking employees. This research use primary data in collected using structured questionnaire based on five scale likert, which measures of perception toward servant leadership, flexibility working arrangement, organizational climate and retention of the employees. The study sample consisted of 200 respondents, which met the minimum requirements for statistical analysis using SPSS. Data were collected through online questionnaires to facilitate broader distribution and efficient response gathering. Prior to the full-scale survey, the research instrument was tested for validity and reliability using SPSS to ensure the accuracy, consistency, and appropriateness of the measurement items for all research variables.

The quantitative analysis consists of a normality test, a regression test, a hypothesis test, a correlation test, and the coefficient of determination. For data analysis using SPSS software version 23, as this software enables testing hypotheses and drawing conclusions based on empirical evidence. Then the operational definition of the research variable servant leadership consists of emotional healing, empowerment, ethical behavior, and conceptual skills (Achen et al., 2019; Nastenکو et al., 2024), the operational

definition of the variable flexible work arrangements consists of flexi-time, job sharing, flexible scheduling, and leave flexibility (Brega et al., 2024; Jiejing et al., 2024), the operational definition of the variable organizational climate consists of leadership support, communication openness, job security, and team cohesion (Ramasamy et al., 2025; Lan et al., 2020), the operational definition of the variable employee retention consists of intention to stay, organizational commitment, job satisfaction, and career development opportunity (Ramasamy et al., 2025; Sukhija et al., 2026).

RESULTS AND DISCUSSION

Table 1. General Profile of Respondents

Cegories	Details	Amount	Percentage (%)
Gender (years)	Men	82	41
	Woman	118	59
Age (years)	< 25	48	24
	25-35	86	43
	36-45	44	22
	> 45	22	11
Education Level	Diploma	52	26
	Bachelor	108	54
	Postgraduate	40	20
Length of Service (years)	< 3	58	29
	4-10	96	48
	> 10	46	23
Monthly Income (Rupiah)	Less Than IDR 2,500,000	44	22
	IDR 2,500,000 – IDR 5,000,000	102	51
	More Than IDR 5,000,000	54	27
Employee Status	Permanent employees	142	71
	Contract employees	58	29
Type of Bank	Government Bank	88	44
	Private Bank	112	56

Source: Processed Questionnaire Data (2026)

Based on the characteristics of the research respondents, the majority were female (118, 59%), while 82 were male (41%). From the age aspect, the 25–35 age group dominated with 86 respondents (43%), followed by those under 25 years old with 48 respondents (24%), those 36–45 years old with 44 respondents (22%), and those over 45 years old with 22 respondents (11%). Based on education level, the majority of respondents were bachelor graduates (54%), followed by diploma graduates (26%) and postgraduate graduates (20%). In terms of work period, the majority of respondents had a work period of 4–10 years (96 people, 48%), followed by less than 3 years (58 people, 29%) and more than 10 years (46 people, 23%). In addition, the majority of respondents have a monthly income of IDR 2,500,000–5,000,000, as many as 102 people (51%), have permanent employee status as many as 142 people (71%), and work at private banks as many as 112 people (56%).

Validity and Reliability Test

Table 2. Validity Test Results

Variables	Corrected items - Total correlation	N of Items	Test results
Servant Leadership	0.611	12	Valid
Flexible Work Arrangements	0.413	12	Valid
Organizational Climate	0.522	12	Valid
Employee Retention	0.627	12	Valid

Source: SPSS Data Processing (2026)

Based on the validity test results in Table 2, all research variables were declared valid because the corrected item-total correlation value for each variable was above the required minimum limit. Servant leadership obtained a value of 0.611, flexible work arrangements 0.413, organizational climate 0.522, and employee retention 0.627. All variables consisted of 12 statement items that consistently and accurately measured the

research constructs. Thus, the research instrument was suitable for use in the data collection and further analysis stages because it met the established validity criteria.

Table 3. Reliability Test Results

Servant Leadership	Cronbach's Alpha	N of Items	Test results
Flexible Work Arrangements	0.641	12	Reliable
Organizational Climate	0.761	12	Reliable
Employee Retention	0.664	12	Reliable
Servant Leadership	0.612	12	Reliable

Source: SPSS Data Processing (2026)

The results of the experiment's reliability, shown in table 3 above, indicate that all indicators have Cronbach's alpha values > 0.60 for each instrument, so it can be concluded that all the instruments used are reliable.

Data Normality Test

Table 4. Results of Data Normality Test One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		200
Normal	Mean	,0000000
Parameters a, b	Standard Deviation	3.69903971
Most Extreme Differences	Absolute	,059
	Positive	,032
	Negative	-,059
Kolmogorov-Smirnov Z		,828
Asymp. Sig. (2-tailed)		,499

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS Data Processing (2026)

Table 4 presents the results of the One-Sample Kolmogorov-Smirnov test for normality. The findings show an Asymp. Sig. (2-tailed) value of 0.499, which is higher than the significance threshold of 0.05. This indicates that the residual data are normally distributed. Furthermore, the Kolmogorov-Smirnov Z value of 0.828 and the relatively small extreme

differences confirm that the distribution does not deviate significantly from normality. Therefore, the data satisfy the normality assumption and are appropriate for further statistical analysis.

Multiple Regression Test and Partial Hypothesis Testing

Table 4. Multiple Regression Test Results

Model	Unstandardized Coefficients		t-count	Sig.
	B	std. Error		
(Constant)	10,491	3,073	3,414	.001
1 Servant Leadership	,583	,074	7,875	.000
Flexible Work Arrangements	,142	,039	3,633	.000
Organizational Climate	,119	,052	2,287	.023

Source: SPSS Data Processing (2026)

Based on the results of the multiple linear regression test in Table 4, the regression equation obtained is, $Y = 10.491 + 0.583X_1 + 0.142X_2 + 0.119X_3$. These results indicate that Servant leadership, flexible work arrangements, and organizational climate have a positive effect on employee retention. Partially, the servant leadership variable has a t-count value of 7.875 with a significance of $0.000 < 0.05$, so the hypothesis is accepted and this variable has a positive and significant effect on employee retention. Flexible Work Arrangements obtained a t-count value of 3.633, with a significance of $0.000 < 0.05$, indicating a positive and significant effect on employee retention. Furthermore, the organizational climate has a t-count value of 2.287 and a significance of $0.023 < 0.05$, indicating a positive and significant effect on employee retention.

Simultaneous Hypothesis Testing

To examine the variable binding simultaneously, experiment F is used. Simultaneous hypothesis testing attempts to analyze whether servant leadership,

flexible work arrangements, and organizational climate variables can simultaneously influence employee retention.

Table 5. Simultaneous Test Results

Model	Sum of Squares	df	F	Sig.
Regression	2330,659	3	55,922	,000b
1 Residual	2722,896	196		
Total	5053,555	199		

Source: SPSS Data Processing (2026)

Based on the results of the simultaneous test (F test) in Table 5, the F-count value was 55.922, with a significance level of $0.000 < 0.05$. These results indicate that Servant Leadership, Flexible Work Arrangements, and Organizational Climate simultaneously have a positive and significant effect on Employee Retention. Thus, the research hypothesis stating that the three independent variables jointly influence Employee Retention is declared accepted. The regression sum of squares of 2330.659 also indicates that the regression model explains variations in Employee Retention quite well, while factors outside the research model account for the remaining variation.

Coefficient of Determination Test

The coefficient of determination measures how well a model explains the variation in the dependent variable. The results of the determination test in this study can be explained in Table 6 below:

Table 6. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate
1	.679a	.461	.453	3,727

Source: SPSS Data Processing (2026)

Based on the results of the coefficient of determination test in Table 6,

an R value of 0.679 was obtained, indicating a strong relationship among servant leadership, flexible work arrangements, and organizational climate and employee retention. The R Square value of 0.461 indicates that 46.1% of the variation in employee retention can be explained by the three independent variables in the research model. Meanwhile, the remaining 53.9% is influenced by other variables outside the model that were not examined in this study. The Adjusted R Square value of 0.453 indicates that after adjusting for the number of variables and research samples, the model still has a fairly good ability to explain variations in Employee Retention. Thus, the regression model is considered well-suited for this study.

Discussion

Employee retention is positively affected by servant leadership. This result implies that by using employee-centered leadership style, employee development, empowerment, it could strengthen the meaningful relationship between leaders and employees. In an environment which demanding for banking employees, with high pressure of workload, tight working performance target and difficult working responsibility on the customer service, leaders with empathy, support and concern on subordinates can be a critical issue on building the employee's loyalty. The study supports the Social Exchange Theory that a positive reciprocal relationship in organization between the firm and employees will lead to greater commitment toward organization and stay intention. An attention and support provided by the leaders will be answered with greater loyalty. The results are aligned with previous study of Jang & Kandampully (2018) that servant leadership would increase the affective organizational commitment which has a negative

relationship on turnover intention. Additionally, in Achen et al. (2019) finding that servant leadership has an impact on increasing the trust of leader and job satisfaction which consequently affected employee retention. In this study, servant leadership means both interpersonal leadership behaviors as well as the organizational mechanism which has a contribution on employees' feeling of psychological safe and meaningful of work.

Flexible work arrangements have positively affect employee retention. These results implies that the work flexibility is crucial to current employees, and it become the strategic of human resource management in organizations like banking, which has been associated with traditional and rigid structure of work system, performance, and administrative workload. For an employee which the workplace provide flexibility toward work time and methodology is able to achieve better balance between the personal and work life thus may alleviate stress and psychic depletion from work. Work flexibility is the key component in Job Demands-Resources Theory as a resources on a job. Offering employees autonomy, work flexibility can generate greater level of control over their work, and this would impact the satisfaction and the organizational loyalty. The findings are consistent with Jiejing et al. (2024) where flexible work arrangements are associated with the increased job satisfaction and organizational commitment and reduce turnover intention. Work flexibility would enhance job performance which eventually lead to employee retention which is support by Shilpakar et al. (2024). The work flexibility become essential for banking employee particularly after the digitally transformed which leads to a greater amount of technology based, mobility and work from anywhere paradigm in operating the firm. By

providing the work flexibility, banking employees feel their life and working are more valued toward their personal matters outside the firm.

Organizational climate positively affects employee retention. This result implies that employees' perceptions on the working atmosphere, organizational supports, and the interpersonal relations among colleagues are essential on developing and cultivating loyalty of employees in the organization. Supporting with organization support theory, employees would have the notion that the organization care of their well being and their work is valued, and would commit in the long term. A favorable working climate is also important in developing strong interpersonal relation between employees and leaders, this would influence emotional attachment of the employee to the organization. In line with Ehrhart & Kuenzi (2017) organizational climate and turnover behavior were closely related, while in hospitality industry, a supportive climate and facilitative leadership behavior were associated to a lower turnover level (Datta, 2020). Organizational climate as the social and psychological environment play a vital role in positively enhancing working experiences in the banking employees. Open, fairness, and supportive environment for employees' development lead to a more humanistic and inclusive perception toward the organization.

CONCLUSION

From the findings of the study it has been demonstrated that servant leadership, flexible work arrangement and work environment have a positive and significant effect on employee retention of the banking sector. It can be argued that retention of an employee is influenced not

only by monetary and job security benefits but the quality of leader-employee relationship, the adaptability of a work system, and work environment that enables employees' mental well-being. Servant leadership has proven to be the most dominant factor for increasing employee loyalty and commitment to the organization through servant-oriented, compassionate and empowering approach towards a leader and employee. Alternatively, the flexible work arrangement contribute significantly to establishing a more balanced work life, and a suitable work environment increases employee feeling of inclusion and comfort at work place and within the organization. The three variables simultaneously could explain employees retention at large level. As such this study has contributed to expand literature on human resource management, especially how servant leadership and flexible work arrangements and work environment in banking industry co-exist together. Beside from providing a theoretical contribution, this study reinforces a viewpoint that a good employee retention strategies must adopt humanistic and adaptive, and sustainable HR approach.

In line with the study results, the organization in banking industry must enhance implementation of servant leadership by building their leadership capability through empowering the workforce in servant oriented manner including having strong interpersonal communication, compassion, caring approach for subordinates, and sustainable leader and employee development practices. Besides that, organizations should develop policy regarding flexible working arrangement with structured yet adaptable structure to digital transformation such as; flexible working hour, hybrid working arrangement, output

based work system, so as to balance between work and life, and minimize stress among employee. And last but not least, organizations are suggested to build suitable work environment that have strong openness among leaders and subordinates, organizational justice and reward fairness with career development opportunity to build more inclusive and sustainable workplace. The proposed future research suggest to develop a research model through incorporating moderating and mediating variable(s) such as job satisfaction, organizational commitment, employee engagement or psychological well-being to make an in-depth understanding to the factors influencing employees retention for other industry and organizational setting.

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