



An analysis of job satisfaction as mediator to employee retention at bank employee

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Article Info	Abstract
<p>Keywords: Employee Retention, Work Environment, Job Security, Transformational Leadership, Job Satisfaction</p>	<p><i>This study analyzes the effects of work environment, job security, and transformational leadership on employee retention, with job satisfaction as a mediating variable among Bank Perkreditan Rakyat (BPR) employees in Batam City. This quantitative study involved 205 BPR employees in Batam City. Data were collected through Google Forms questionnaires and analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with SmartPLS 3.0 software. Findings indicate that work environment, job security, and transformational leadership positively influence job satisfaction. This elevated job satisfaction subsequently enhances employee retention, confirming the mediating role of job satisfaction in these relationships. This research contributes novel insights by empirically testing the mediating role of job satisfaction in the banking context, which faces high turnover rates and unique organizational pressures. The findings offer practical implications for human resources management in the financial sector to design more effective employee retention strategies.</i></p>

1. INTRODUCTION

Bank Employee (BPR) are microfinance institutions in Indonesia that operate within a highly competitive business environment (Yuswardi & Wanto, 2022). Based on data from the Central Statistics Agency (www.bps.go.id) there are currently 1,402 conventional Bank Employee (BPR) and 173 (BPRS) operating in Indonesia. The number of offices for conventional BPRs totals 4,645, while Sharia BPRs have 520 offices. In Batam City, there are currently 42 Bank Employee, consisting of 15 branch offices and 27 head offices (www.ojk.go.id). These figures indicate that Indonesia has significant human resource development supporting the country's economic growth. The competition occurs not only among Bank Employee (BPRs) themselves but also extends to other financial and banking institutions (Yuswardi & Wanto, 2022). The phenomenon occurring in companies within the banking service industry is how organizations create a comfortable work environment and job satisfaction in order to enhance performance and foster long-term employee loyalty and retention.



However, many BPRs in Batam City encounter significant human resource management challenges, particularly in employee retention (Farid & Luvia, 2022). Optimal human resource management requires strategic focus on planning, development, and implementation of policies in functional areas such as compensation, satisfaction, and retention (Suhendar, 2021). When employees experience insecurity, discomfort, or feel undervalued regarding their compensation and organizational commitment to their continuity, they struggle to develop their potential and demonstrate limited long-term commitment (Farid & Luvia, 2022). Research indicates that employee performance and retention improve substantially when strong collaborative relationships exist between leaders and employees, supported by effective work discipline and elevated job satisfaction (Samprastyo et al., 2021).

This gap raises critical research questions: How do work environment conditions, job security perceptions, and transformational leadership behaviors influence employee retention in Bank Perkreditan Rakyat? More fundamentally, does job satisfaction serve as the psychological mechanism through which these organizational factors affect retention decisions? Previous research predominantly examines direct relationships, leaving the mediating pathways unexplored (Farid & Luvia, 2022; Yuswardi & Wanto, 2022). The central research problem can be framed as: What are the direct and indirect effects of work environment, job security, and transformational leadership on employee retention, and to what extent does job satisfaction mediate these relationships in the BPR context?

The present study proposes a comprehensive mediation model that examines the influence of work environment, job security, and transformational leadership on employee retention through job satisfaction as a mediating variable. By focusing on Bank Employee (BPR) in Batam City, this research contributes new empirical insights into how job satisfaction functions as a bridge that strengthens the impact of workplace conditions, perceived job stability, and leadership behavior on long-term retention in Indonesia's micro-banking sector.

This study contributes to the literature by empirically testing the mediating role of job satisfaction in the banking sector, an industry characterized by high turnover and unique organizational challenges. By examining this mediation model in BPR settings, the research provides theoretical insights into retention mechanisms and offers practical implications for human resources management in financial institutions. The findings will enable banking managers to develop more targeted retention strategies by understanding the critical pathway through job satisfaction.

2. LITERATURE REVIEW AND HYPOTHESES

Employee Retention

Employee retention describes a company's strategy to retain its employees and encourage them to remain with the organization for an extended period of time (Ishak & Pratama, 2021). This can be achieved by creating a supportive work environment where employees feel satisfied and comfortable in their roles, such as through the provision of rewards, a healthy work environment, and job security (Farid & Luvia, 2022).

Work Environment

Employees feel satisfied when their immediate environment both physical conditions and emotional atmosphere aligns with their responsibilities. The extent to which employees are directly connected to their work environment and organization influences their error rates, efficiency, innovation, collaboration with colleagues, absenteeism, and ultimately, their retention (Ishak & Pratama, 2021). The comfort derived from the work environment, both physically and non-physically, not only enhances employees' efficiency in completing their tasks but also strengthens their loyalty and commitment to the organization (Giovanni & Ie, 2022). Therefore, every company must establish an appropriate and conducive work environment to support employee continuity and enhance overall performance (Lestary & Chaniago, 2018).

Job Security

Fauzi & Puspitarini (2024) stated that if job security is not fulfilled, employees will experience anxiety regarding their job safety, which can negatively affect their job satisfaction. This relates to employees' emotions concerning the potential loss of employment or desirable aspects of a job, such as favorable working conditions, promotions, or long-term career prospects (Domfeh & Hunsaker, 2020). According to Setiawan & Putra (2016) a decline in job security is associated with lower job satisfaction, whereas an increase in job security enhances employees' overall satisfaction.

Transformational Leadership

Leaders who apply a transformational leadership style possess the ability to enhance employee motivation and performance, while also contributing to improved service quality (Indah et al., 2025). According to Murni (2021) A leader should not only possess managerial skills but also have an understanding of technical aspects, even though leaders in large organizations may not require extensive technical expertise. Such leadership is essential for building a vision that elevates employees' work potential and commitment to fulfilling their responsibilities effectively, ultimately leading to optimal productivity (Murni, 2021).

Job Satisfaction

Samprastyo et al. (2021) stated that individual's emotional response toward their job and work outcomes, with varying levels of satisfaction among different individuals. This is reflected in employees' positive attitudes toward their work and the various situations they encounter in their work environment (Saputra & Mulia, 2020). Job satisfaction is highly interesting and important due to its significant benefits for individuals, organizations, and society as a whole (Putra, 2021).

The Effect of Work Environment and Job Satisfaction

Utama et al. (2023) and Fatuhidin & Firmansyah (2018) revealed a significant correlation between workplace conditions and employee job satisfaction, demonstrating that when employees perceive their work environment as more comfortable, their satisfaction levels

correspondingly increase. This study is supported by research conducted by [Taheri et al. \(2020\)](#) and [Basalamah & As'ad \(2021\)](#) that achieving organizational goals in line with its vision and mission requires ensuring a better work environment as a fundamental concept. [Ramli \(2019\)](#) highlights the importance of transparent communication between management and staff, as it enhances employee satisfaction and yields positive effects on their performance.

H₁: Work environment has a significant influence on job satisfaction.

The Effect of Job Security and Job Satisfaction

[Putri et al. \(2023\)](#) stated that job satisfaction is correlated with perceived job security, meaning that job security provided or supported by the company can enhance employees' job satisfaction. [Bakr et al. \(2019\)](#) revealed that employees who experience favorable working conditions and a strong sense of job security tend to demonstrate significantly higher overall job satisfaction. [Maqableh et al. \(2023\)](#) stated that organizations should implement human resource strategies that enhance job satisfaction and strengthen employees job security, given their crucial role in improving employee retention. Job security significant influence relationship with job satisfaction, Employees are likely to experience higher job satisfaction when their employers provide a sense of job security ([Aman-Ullah et al. 2022](#)).

H₂: Job security has a significant influence on job satisfaction.

The Effect of Transformational Leadership and Job Satisfaction

[Hi et al. \(2023\)](#) stated that when staff members are provided with encouragement and direction by their managers, they generally exhibit greater contentment in their professional roles, insufficient leadership backing may lead to reduced satisfaction with their employment. [Allozi et al. \(2022\)](#) investigated the effect of transformational leadership on employee job satisfaction in the UAE, explaining that the characteristics of transformational leadership can positively influence employee well-being by providing contingent rewards within the banking industry. [Syah et al. \(2020\)](#) revealed that transformational leadership has enhances employees job satisfaction. [Islam et al. \(2024\)](#) established that transformational leadership contributes positively to job satisfaction through its direct influence on employees satisfaction levels, task performance, and organizational citizenship behaviors.

H₃: Transformational leadership has a significant influence on job satisfaction.

The Effect of Work Environment and Employee Retention

[Shafiuddin et al. \(2022\)](#) in their study at the banking industry, there exists a notable association between the quality of work environment and the ability to retain employees, underscoring how supportive workplace settings significantly influence staff members choices to stay. [Zainal et al. \(2022\)](#) indicates that a properly maintained and welcoming work atmosphere plays a vital role in employee retention, as it enhances productivity and encourages personnel to remain committed to the organization. Thus, companies are advised to establish a nurturing and pleasant work environment for their employees.

Yusliza et al. (2021) in the study, it was explained that employees who perceive a comfortable work environment tend to remain within the organization.

H4: Work environment has a significant influence on employee retention

The Effect of Transformational Leadership and Employee Retention

Leaders with transformational attributes enhance their subordinates job experience by achieving targets and implementing reward mechanisms to retain and motivate employees. Ali et al. (2024) stated that transformational leaders influence employee retention by upholding ethical values and motivating subordinates to think innovatively, thereby enhancing their willingness to remain with the organization. Research from Saeed & Jun (2021) and Febrian et al. (2023) shows that transformational leadership can enhance employee retention by motivating employees, creating a positive work environment, and promoting engagement through empowerment and ethical interactions.

H5: Transformational leadership has a significant influence on employee retention

The Effect of Job Security and Employee Retention

When employees are offered roles with significant job stability, they face minimal threats of unemployment. As a result, organizations seeking to achieve elevated retention levels should prioritize ensuring total employment security for their staff members (Siaw et al. 2022). Atlabachew (2024) revealed that job security is the most important factor in employee retention within organizations, as it is associated with increased motivation, satisfaction, and retention. Salami (2021) stated that to promote workforce stability and efficiency, companies should incorporate job security into their policies, it is the most effective way to foster employee loyalty, job satisfaction, and retention.

H6: Job security has a significant influence on employee retention

The Effect Job Satisfaction and Employee Retention

Job satisfaction refers to the happiness employees feel as a result of their work (AlQudah et al., 2023; Shoaib et al., 2023; Kalyanamitra et al., 2020). Employee retention can be enhanced by providing opportunities for achievement, recognizing employee contributions, designing meaningful work that aligns with employees skills and abilities, assigning ample responsibility to team members, promoting from within, and offering training and development opportunities (Rahmawati, 2018; Parasuraman & Simmers, 2001). When employees are given flexible schedules, it enhances their job satisfaction and strengthens their intention to stay. Employees with high job satisfaction are more committed to the organization, attend work regularly, remain with the organization, good perform, and engage in behaviors that support organizational goals (Nguyen, 2021; Rowden & Conine, 2005).

H7: Job satisfaction has a significant influence on employee retention

Job Satisfaction Mediate The Effect of Work Environment and Employee Retention

To attain organizational objectives, leaders should ensure that the work environment remains positive and encouraging for employees (Halim et al., 2021). Research by

Alrazehi et al. (2021) and Aman-Ullah et al. (2023) shows that rewards have significant implications for overall employee job satisfaction and their willingness to remain committed to their work. When the work environment is positive, employees experience greater job satisfaction, which in turn increases their likelihood of remaining with the company (Yang et al., 2021; Su et al., 2016).

H₈: Job satisfaction mediates the effect of work environment on employee retention

Job Satisfaction Mediate The Effect of Job Security and Employee Retention

Job security is a key element in employee well-being and has a major impact on their turnover intentions (Khawrin & Sahibzada, 2023). According to Khawrin & Sahibzada (2023) Employees are more likely to report higher levels of job satisfaction and exhibit a lower tendency to leave their jobs when they perceive their positions as secure. The positive relationship between job security and employee satisfaction is well-documented in recent research (Putri et al., 2023; Maqableh et al., 2023) the critical nature of employment stability in organizational contexts necessitates that human resource management prioritize job security provisions. such strategic focus yields substantial benefits for employee performance and satisfaction, which collectively contribute to enhanced retention rates and organizational stability.

H₉: Job satisfaction mediates the effect of job security on employee retention

Job Satisfaction Mediate The Effect of Transformational Leadership and Employee Retention

Raziq et al. (2021) stated that higher job satisfaction among employees is associated with transformational leadership approaches demonstrated by their leaders and managers. According to Tanuwijaya & Jakaria (2022) found a significant effect, highlighting that companies should continuously strive to enhance employee job satisfaction through various activities, these include annual faculty meetings, which serve as a way to boost employee motivation. Employee synergy is crucial as it can enhance productivity, improve communication and collaboration to overall organizational success. A synergistic workplace culture encourages mutual support among employees, boosting engagement and contributing to stronger retention rates (Waseem et al., 2023). Job satisfaction is influenced by the various facilities and programs provided by the organization, which in turn affects employees' perceptions of transformational leadership within the company (Sinurat & Widhianto, 2023). When managers apply transformational leadership, it initially has a positive impact on both the internal and external satisfaction of their subordinates. Consequently, employees begin to identify with the organization, contribute more effectively, exert greater effort in their work, and develop stronger intentions to remain with the organization (Huang & Huang, 2020).

H₁₀: Job satisfaction mediates the effect of transformational leadership on employee retention

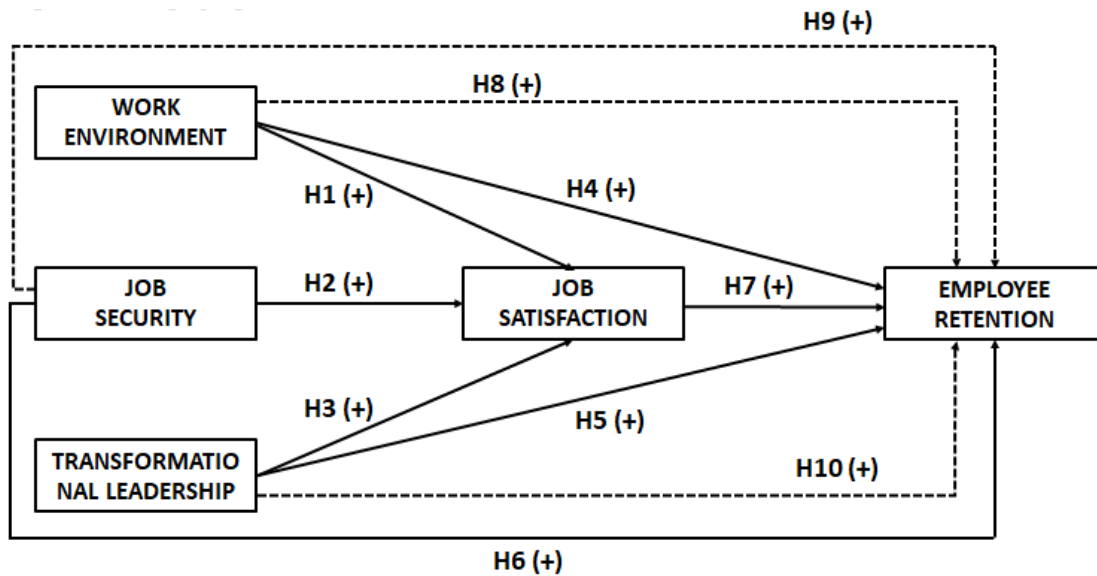


Figure 1. Research Model

3. RESEARCH METHOD

The study's population includes the entire workforce of Bank Perkreditan Rakyat (BPR) operating in Batam City, with 205 respondents in total. A non-probability sampling method, specifically purposive sampling, was utilized to select participants for this study. Purposive sampling involves deliberately selecting respondents who meet predetermined criteria and can provide relevant information to address the research objectives. Purposive sampling was selected for it enables the researcher to focus on individuals with specific characteristics relevant to the research context namely, banking sector employees experiencing the phenomena under investigation. Following the collection of questionnaire responses, hereafter termed raw data, the information undergoes processing through the Partial Least Squares-Structural Equation Modeling (PLS-SEM) approach and is examined using SmartPLS 3.0 software to assess validity and reliability, as well as to evaluate the relationships among variables.

Data collection was conducted from October to December 2024 following a systematic three-phase approach. The initial phase (October 2024) involved securing formal approval from Bank Perkreditan Rakyat institutions in Batam City. The distribution phase (November-December 2024) employed electronic questionnaires via Google Forms, with employees given a four-week completion window. Reminder notifications were sent at two-week intervals to optimize response rates. By December 2024, 205 valid responses were obtained and securely stored in password-protected files accessible only to the research team. Data collection was conducted using a structured questionnaire that measured five critical constructs: work environment, job security, transformational leadership, job satisfaction, and employee retention. The development of this instrument drew upon established scales from prior research to maintain content validity and ensure reliable measurements. Data collection was conducted via questionnaires administered to respondents, and all items were measured using a 5-point Likert scale, ranging from 1

(Strongly Disagree) to 5 (Strongly Agree). The minimum number of respondents that must be obtained in this research is 180 respondents (Hair et al., 2019).

4. RESULT AND DISCUSSION

Table 1 presents the results of the SmartPLS test on factor loadings. The outer loading values report the validity of each measurement indicator for the variables. Data are considered valid when the Pearson correlation meets the requirement of being above 0.6. Therefore, some indicators that did not meet the criteria, namely JSR3 and JSR4, were deemed invalid and removed. Cronbach's Alpha and Composite Reliability were used to assess the consistency of the variables.

Table 1. Outer Loading

Variable	Outer Loading	Conbrach's Alpha	Composite Reability	Average Variance Extractedn (AVE)
ER1	0.717			
ER2	0.729			
ER3	0.783			
ER4	0.704	0.85	0.886	0.529
ER5	0.606			
ER6	0.749			
ER7	0.786			
JSF1	0.781			
JSF2	0.737			
JSF3	0.78			
JSF4	0.823			
JSF5	0.714	0.919	0.932	0.579
JSF6	0.672			
JSF7	0.793			
JSF8	0.738			
JSF9	0.763			
JSF10	0.794			
JSR1	0.742			
JSR2	0.727	0.751	0.842	0.572
JSR5	0.797			
JSR6	0.757			
TL1	0.814			
TL2	0.865			
TL3	0.802	0.877	0.911	0.671
TL4	0.78			
TL5	0.833			

WE1	0.693			
WE2	0.613			
WE3	0.67			
WE4	0.741	0.880	0.904	0.543
WE5	0.735			
WE6	0.8			
WE7	0.842			
WE8	0.776			

Source: Primary data processed (2025)

The results showed values > 0.6 and > 0.7 , respectively, indicating that the variables are acceptable. The Average Variance Extracted (AVE) reflects the results of the convergent validity test for the variables. The AVE test examines the consistency and association of each indicator with the construct or variable. A variable is considered valid when the dependency coefficient value exceeds 0.5 (Hair et al., 2019). Based on the AVE results, this set can be used for further analysis, as all variables have values greater than 0.5.

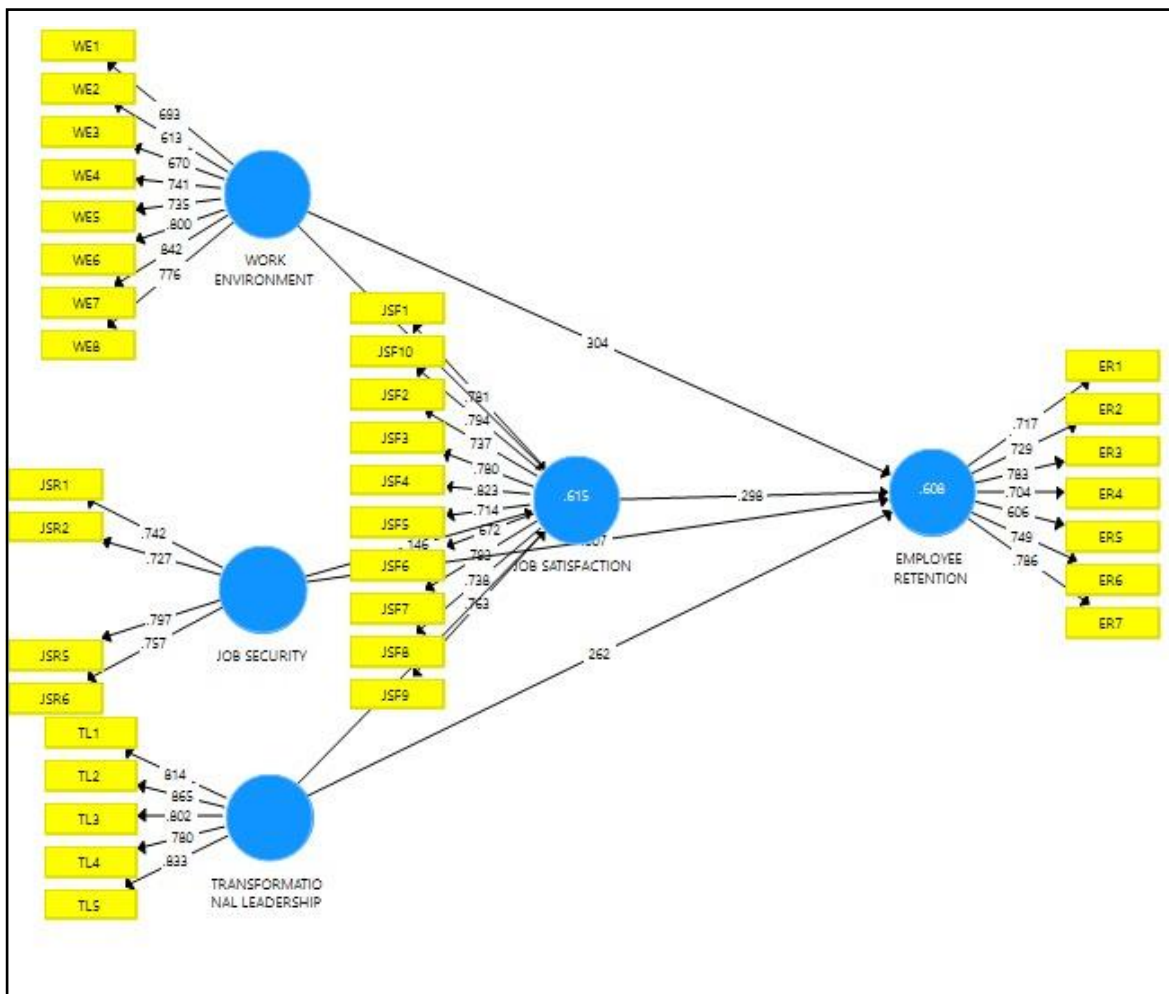


Figure 2. Outer Model

Table 2. Path Coefficients

Variable	Simple Mean (M)	T Statistics (O/STDEV)	P Values	Result
H1: WE → JSF	0.328	4.319	0.000	Significant
H2: JSR → JSF	0.144	2.896	0.004	Significant
H3: TL → JSF	0.428	5.915	0.000	Significant
H4: WE → ER	0.303	4.328	0.000	Significant
H5: TL → ER	0.260	3.411	0.001	Significant
H6: JSR → ER	0.010	0.120	0.905	Not Significant
H7: JSF → ER	0.299	3.213	0.001	Significant

Source: Primary data processed (2025)

The data displayed in Table 2 indicates that hypotheses show t-values greater than 1.96 alongside p-values less than 0.05, excluding the link between Job Security and Employee Retention. H6 specifically yields a p-value of 0.905, which exceeds the 0.05 significance criterion. Such results demonstrate that Job Security fails to exert a significant influence on Employee Retention. This means that how secure employees feel about their jobs does not directly determine whether they choose to remain employed by the organization.

Table 3. Indirect Effect Results

Variable	Simple Mean (M)	T Statistics (O/STDEV)	P Values	Result
H8: WE → JSF → ER	0.099	2.396	0.017	Significant
H9: JSR → JSF → ER	0.043	2.070	0.039	Significant
H10: TL → JSF → ER	0.128	2.859	0.004	Significant

Source: Primary data processed (2025)

The results reveal a significant indirect effect of work environment on employee retention through job satisfaction ($\beta = 0.099$; $t = 2.396$; $p = 0.017$). This finding aligns with Conservation of Resources (COR) theory (Hobfoll et al., 2018). Which posits that a favorable work environment serves as an organizational resource that enhances employee well-being and satisfaction, subsequently influencing their decision to remain with the organization. When workplace conditions including physical infrastructure, interpersonal relationships, and organizational climate, are perceived positively, employees experience heightened satisfaction, which ultimately translates into stronger retention intentions (Halim et al., 2021). These results empirically support the theoretical proposition that environmental factors do not directly guarantee retention but rather operate through the psychological mechanism of job satisfaction, as evidenced by previous research in the banking sector (Utama et al., 2023). Job satisfaction significantly mediates the relationship between job security and employee retention ($\beta = 0.043$; $t = 2.070$; $p = 0.039$). This finding is consistent with Social Exchange Theory (Blau, 1964), which suggests that when organizations provide employment stability, employees reciprocate through enhanced satisfaction and commitment. Although the direct effect of job security on retention was not significant (H6), the significant mediating pathway demonstrates that perceived job stability primarily influences retention by first elevating satisfaction levels (Khawrin &

Sahibzada, 2023; Aman-Ullah et al., 2022). Transformational leadership demonstrates the strongest indirect effect on employee retention through job satisfaction ($\beta = 0.128$; $t = 2.859$; $p = 0.004$). This result provides empirical support for transformational leadership theory, which emphasizes that leaders who exhibit idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration create meaningful psychological connections with subordinates. These leadership behaviors not only directly enhance employee satisfaction but also cultivate organizational identification and commitment, thereby reducing turnover intentions (Huang & Huang, 2020; Raziq et al., 2021).

The significant mediating effect confirms that transformational leaders influence retention by first creating a satisfying work experience that addresses employees' intrinsic needs for growth, purpose, and belonging (Islam et al., 2024). This finding is particularly relevant in the banking context, where transformational leadership can mitigate the effects of high-pressure work environments and competitive labor markets by fostering emotional attachment through satisfaction (Waseem et al., 2023). The magnitude of this indirect effect ($\beta = 0.128$) being larger than those of work environment and job security underscores the pivotal role of leadership in shaping employee attitudes and retention outcomes.

Table 4. R-Square

Variable	R-Square
Employee Retention	0.608
Job Satisfaction	0.615

Source: Primary data processed (2025)

This model successfully explains 61.5% of the total variance observed in employee job satisfaction, highlighting the significant role of the examined variables, with 38.5% attributed to external factors not investigated. In parallel, 60.8% of employee retention variability is explained by the model's components, while the remaining 39.2% results from factors that fall outside this study's parameters.

The findings of this study offer several actionable implications for human resource management practices in Bank Perkreditan Rakyat (BPR) and similar financial institutions seeking to enhance employee retention through strategic interventions. HR departments should develop comprehensive environmental audits to assess both physical workplace conditions and psychosocial climate. Specific interventions may include: (1) upgrading workplace facilities such as ergonomic furniture, adequate lighting, and temperature control to improve physical comfort; (2) facilitating regular team-building activities and social events to strengthen interpersonal relationships among employees; (3) establishing open-door policies and transparent communication channels between management and staff to foster a supportive emotional atmosphere; and (4) implementing flexible work arrangements where feasible to accommodate employee preferences and work-life balance needs. Given that work environment significantly influences satisfaction and retention through the mediation pathway ($\beta = 0.099$; $p = 0.017$), these investments in environmental

quality represent strategic priorities for retention management.

Organizations should formalize job security assurances through clear employment contracts, transparent promotion criteria, and consistent performance evaluation systems. While job security does not directly predict retention in this study, its significant indirect effect through satisfaction ($\beta = 0.043$; $p = 0.039$) suggests that perceived stability must be accompanied by satisfaction-enhancing mechanisms. Specific policy recommendations include: (1) developing long-term career development programs that demonstrate organizational commitment to employee growth; (2) implementing internal promotion systems that prioritize existing employees for advancement opportunities; (3) providing clear communication regarding organizational performance and employment stability, particularly during periods of industry uncertainty; and (4) offering competitive compensation packages and benefits that reinforce perceptions of job security. These policies should be integrated with broader satisfaction initiatives such as recognition programs, skill development opportunities, and meaningful work assignments to maximize retention effectiveness.

Given that transformational leadership demonstrates the strongest effects on both satisfaction ($\beta = 0.428$; $p < 0.001$) and retention (direct: $\beta = 0.260$, $p = 0.001$; indirect: $\beta = 0.128$, $p = 0.004$), banking institutions should prioritize leadership training as a central retention strategy. Specific recommendations include: (1) establishing leadership development academies that train managers in transformational leadership competencies, including inspirational motivation, individualized consideration, intellectual stimulation, and idealized influence; (2) implementing 360-degree feedback systems to assess and improve leadership effectiveness regularly; (3) creating mentorship programs that pair experienced transformational leaders with emerging managers to facilitate leadership skill transfer; (4) incorporating transformational leadership behaviors into performance evaluations and promotion criteria to institutionalize these practices; and (5) providing coaching and ongoing support for leaders to maintain and enhance their transformational capabilities. Organizations should also consider succession planning strategies that identify and develop transformational leaders internally, ensuring continuity of effective leadership practices.

Rather than implementing isolated interventions, BPR management should adopt an integrated retention framework that recognizes job satisfaction as the central mechanism linking organizational inputs to retention outcomes. This approach involves: (1) conducting regular employee satisfaction surveys to monitor satisfaction levels and identify areas requiring intervention; (2) establishing satisfaction benchmarks and key performance indicators (KPIs) linked to retention metrics; (3) developing satisfaction improvement action plans that simultaneously address work environment, job security, and leadership factors; and (4) creating cross-functional retention committees involving HR, operations, and senior management to coordinate retention initiatives. Organizations should allocate resources proportionally based on the relative strength of effects identified in this study, with particular emphasis on leadership development given its substantial impact.

BPRs operating with limited resources should prioritize high-impact, low-cost interventions. Findings suggest that transformational leadership training offers the highest return on investment, as leadership behaviors can be developed through targeted training programs without requiring substantial capital expenditure. Additionally, enhancing work environment through incremental improvements such as reorganizing workspace layouts, improving communication practices, and fostering collegial relationships can be achieved cost-effectively. These institutions should also leverage their smaller organizational size as an advantage by creating more personalized work experiences, closer leader-employee relationships, and stronger organizational cultures that differentiate them from larger commercial banks.

This finding contrasts with studies reporting strong direct job security-retention effects (Atlabachew, 2024; Salami, 2021) but aligns closely with research by Maqableh et al. (2023) and Aman-Ullah et al. (2022). Maqableh et al. (2023) found that job security's retention effects in the hospitality industry were complex and context-dependent, operating primarily through mediating variables rather than direct pathways. Similarly, Aman-Ullah et al. (2022) demonstrated that security effects on retention were fully mediated by satisfaction in Pakistan's healthcare sector.

The divergence from studies showing direct effects may reflect contextual differences. Research in sectors with high job instability or developing economies with limited employment alternatives may exhibit stronger direct security effects. In contrast, competitive labor markets like Batam City's banking sector where skilled professionals have multiple employment options may diminish job security's direct retention value. Additionally, generational shifts in workforce values, with younger employees prioritizing work-life balance and meaningful work over traditional security, may weaken direct security-retention linkages.

5. CONCLUSION

The study results obtained from employees working at (BPR) in Batam City establish that workplace atmosphere, employment stability, and transformational leadership each produce positive and significant impacts on satisfaction levels. Heightened job satisfaction is recognized as an essential factor influencing retention rates, since satisfied personnel are inclined to stay with their employer for more extended periods. Moreover, the findings confirm that job satisfaction functions as a mediating variable that reinforces the impact of work environment, job security, and transformational leadership on employee retention.

Organizations should prioritize efforts to establish a supportive and comfortable work environment, provide a sense of job security, and adopt transformational leadership practices to enhance employee satisfaction. Such initiatives are expected to foster greater employee loyalty and retention, ultimately improving overall organizational performance and sustaining long-term competitiveness.

Several limitations warrant acknowledgment and suggest directions for future inquiry. The cross-sectional design limits causal inference; longitudinal studies tracking employees over time would establish temporal relationships more definitively. Self-reported data may

introduce common method bias; incorporating objective turnover metrics and multi-source assessments would enhance validity. The sample's focus on BPR employees in Batam City and purposive sampling approach constrain generalizability; comparative research across banking sectors, regions, and organizational contexts would clarify universal versus context-specific retention mechanisms. The model explains only 61.5% of satisfaction variance and 60.8% of retention variance, indicating unmeasured influences. Future studies should examine additional predictors including compensation, career development, work-life balance, and organizational culture. While job satisfaction's mediating role is confirmed, exploring alternative mediators (organizational commitment, employee engagement) and moderators (tenure, generation, labor market conditions) would deepen theoretical understanding of retention processes.

Future research should employ mixed-methods approaches combining surveys with qualitative interviews for richer contextual insights. Intervention studies using experimental designs to evaluate specific retention programs leadership training, environmental improvements, security enhancement initiatives would provide practical evidence regarding which strategies yield optimal outcomes. Cross-national comparative research examining retention dynamics across Southeast Asian banking sectors would illuminate cultural influences on these relationships.

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