



The effect of talent management on turnover intention mediated by employee engagement

Sinta Sundari Heriyanti ¹, Ranasari Bimanti Esthi ²

^{1,2} Manajemen, Universitas Pelita Bangsa, Cikarang Pusat, Indonesia

Article Info

Article history:

Received: Nov 7, 2023

Revised: Nov 20, 2023

Accepted: Nov 29, 2023

Keywords:

Employee Engagement;
Talent Management;
Turnover Intention.

ABSTRACT

This study aims to determine the effect of talent management on turnover intention, that mediated by employee engagement. The population in this study were employees of the millennial generation aged 25-39 years and Z generation aged 19-24 years who worked in automotive / automotive spare part companies in the Bekasi Industrial Area with a total sample of 132 respondents. The data collection method uses an e-questionnaire through the Google form and the results of data analysis use Smart PLS. The results of the structural equation model analysis show that talent management has a significant positive effect on turnover intention, and this effect is mediated by employee engagement. These findings indicate that organizations must have an effective talent management strategy that can increase employee engagement to reduce turnover intention.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

Sinta Sundari Heriyanti,
Manajemen,
Universitas Pelita Bangsa,
Jl. Inspeksi Kalimalang Tegal Danas. Cikarang Pusat, 17530, Indonesia
Email: sinta_heriyanti@pelitabangsa.ac.id

1. INTRODUCTION

The development of labor needs in today's digital era requires prospective employees who are not only competent in their fields, but are also expected to be successors to old employees who will retire so that successful management can run according to the company's vision and mission. The millennial generation (Y) and generation Z are the workforce with the largest percentage, but this generation's workforce is also known for its low desire to stay in a company. They have a mind set and target to only last a maximum of 3 (three) years in a company and then move to improve their career as well as income (Núñez-Canal et al., 2022; Saniuk et al., 2023; Thite, 2022).

The era of the Industrial Revolution 5.0 is currently a meeting place for at least 3 productive generations, namely generation X, millennial generation (Y) and generation Z (Ismail et al., 2023; Kuleto et al., 2021; Munir & Nudin, 2021). BPS data in 2020 noted that out of 270.2 million Indonesians, the number of productive workforce of millennial generation and generation Z is currently close to 54%, with details of generation Z or Zillennials (born 1997-2012) reaching 27.94% or 74.93 million people. Meanwhile, the millennial generation (born 1981-1996) reached 25.87% or 69.38 million people. The presence of these two generations is supported by generation X (born 1965-1980) which reached 21.87% or 58.65 million people.

Based on the results of the August 2021 National Labor Force Survey (Sakernas), Indonesia is entering a demographic bonus where as many as 60 out of 100 Indonesians are productive workers (Pratomo & Manning, 2022; Saeno, 2022; Wihardja & Cunningham, 2021). However, unlike previous generations, millennials are also known for their low loyalty. The phenomenon of a lack of engagement with the company from millennials and Z generations is revealed by the results of a study conducted by Gallup (2013) which found that 21% of millennials moved jobs in less than a year. This means that this young workforce still has a high ego (Yang et al., 2023; Yuswohady, 2019).

In May 2018, Deloitte released a survey conducted on 10,455 full-time millennial generation workers working in 36 countries. The result is that 43% of them plan to leave their jobs in the next two years. Only 28% plan to stay in their current job for at least the next five years (Juniartika et al., 2023; Oscar, 2018; Taufick & Kurniawan, 2023).

Due to the low level of employee engagement of millennial generation workers, the turnover intention rate is high and makes a threat to talent management in the company (Abdul Latif et al., 2019; Rumawas, 2021; Sahni, 2021). Talent management in this study is more focused on how employees feel about the company where they work in encouraging employees to improve skills through training and self-development (Akter et al., 2022; Kamel, 2019). How the company implements a structured career path and how the company carries out transparent and fair succession management (Atwood, 2020; Jindal & Shaikh, 2021).

Employee engagement in this study is focused on employees' feelings towards their company related to challenges, dedication, compensation, relationships, communication and pride in being part of the company (Jiang & Shen, 2023; Moletsane et al., 2019; Raza et al., 2020). Turnover intention in this study is focused on employees' feelings towards the company in the event of increased workload, compensation dissatisfaction, career uncertainty or a non-conducive work environment (Faturrahman et al., 2020; Ramlawati et al., 2021; Sariwulan et al., 2019).

Based on the above phenomena, the formulation of problems and objectives in this study is to determine how influential Talent Management is on Turnover Intention mediated by Employee Engagement, especially Millennial and Zillennial Generation employees, especially employees who work in manufacturing in the Bekasi Industrial Estate.

This research feasibility study is based on the location of the campus which is surrounded by 11 Industrial Estates, there are 7,600 companies both local and foreign established in this area, so this industrial area is called the largest in the Southeast Asian continent.

2. RESEARCH METHOD

The research conducted in this study is of a quantitative nature, utilizing a questionnaire as the data collection instrument. In this research, primary data is required, and the population comprises millennial and Generation Z employees working in manufacturing companies in the Bekasi Industrial Area. The determination of a representative sample size depends on the number of indicators multiplied by 5 to 10. Thus, the minimum sample size calculated for this study is 70. The acquisition of primary data is done through the distribution of an e-questionnaire to gain insights into talent management, employee engagement, and turnover intention among employees in manufacturing companies located in the Bekasi Industrial Area.

In this study, the collected data will represent the respondents' perceptions; hence, the measurement will be conducted using the simplest method, namely the questionnaire or survey technique. This instrument will be delivered directly to each respondent and serves as a tool for measurement. The questionnaire will be designed using closed-ended questions, providing predefined answer alternatives. Respondents can choose the most suitable answer according to their own conditions. The measurement scale used in this study adopts a Likert scale with five levels of intervals. Respondents will be assigned scores on the chosen scale, with the lowest level given a value of 1 and the highest level given a value of 5. The data processing technique employed is statistical analysis using the SmartPLS 4.0 program (Tabelessy & Pattiruhu, 2022).

Hypothesis Development

The Relationship between Talent Management and Turnover Intention

Whether consciously acknowledged or not, talent management is one of the factors influencing employee turnover intention, alongside job satisfaction, compensation, career development, work environment, and employee involvement in decision-making. Organizations with effective talent management programs can reduce turnover intention levels because employees feel valued and supported in developing their potential. The research findings of [Purwaningrum \(2020\)](#) indicate that talent management has a positive and significant impact on turnover intention. Based on this exposition, the following hypothesis is proposed:

H1: Talent management influences turnover intention.

The Relationship between Talent Management and Employee Engagement

Fundamentally, effective talent management contributes to increased employee engagement within a company. This is because effective talent management ensures that employees have sufficient access to training and development tailored to their needs and potentials. Consequently, employees feel more engaged and have opportunities for continuous learning and growth within the company, enhancing their commitment to their work and the organization.

Moreover, effective talent management also helps create a pleasant and supportive work environment for employees. This can be achieved by providing employees with adequate access to necessary facilities for comfortable work, offering compensation commensurate with their contributions, and fostering a friendly and inclusive work environment. Consequently, employees feel more engaged and take ownership of their work and the company they work for, thereby increasing employee engagement. The research findings of [Hariyanto & Ferdian \(2019\)](#) demonstrate that talent management positively and significantly influences employee engagement. Based on this exposition, the following hypothesis is proposed:

H2: Talent management influences employee engagement.

The Relationship between Employee Engagement and Turnover Intention

Generally, there is a negative relationship between employee engagement and turnover intention. In other words, the higher someone's level of employee engagement, the lower their desire to leave the job. Conversely, the lower someone's level of employee engagement, the higher their inclination to leave the job.

This phenomenon occurs because individuals with high levels of employee engagement tend to feel more involved and satisfied working in a particular place, making them less likely to want to leave their jobs. Conversely, individuals with low levels of employee engagement tend to feel uninvolved and dissatisfied with their work, making it easier for them to leave their jobs. Research by [Simbolon \(2012\)](#) and [Cahyono \(2022\)](#) reveals that employee engagement positively influences turnover intention. Based on this exposition, the following hypothesis is proposed:

H3: Employee engagement influences turnover intention.

The Relationship between Talent Management and Turnover Intention Mediated by Employee Engagement

Overall, the relationships among talent management, employee engagement, and turnover intention can mutually influence each other, as many studies suggest that effective talent management enhances employee engagement, thereby reducing turnover intention. Conversely, a lack of focus on talent management by a company may result in low employee engagement, leading to an increase in turnover intention.

Research by [Ekhsan & Taopik \(2020\)](#) indicates that employee engagement significantly and positively mediates the relationship between talent management and turnover intention. Based on this exposition, the following hypothesis is proposed:

H4: Talent management influences turnover intention mediated by employee engagement.

Research Design

The intervariable relationships in this study are illustrated in the figure below as follows:

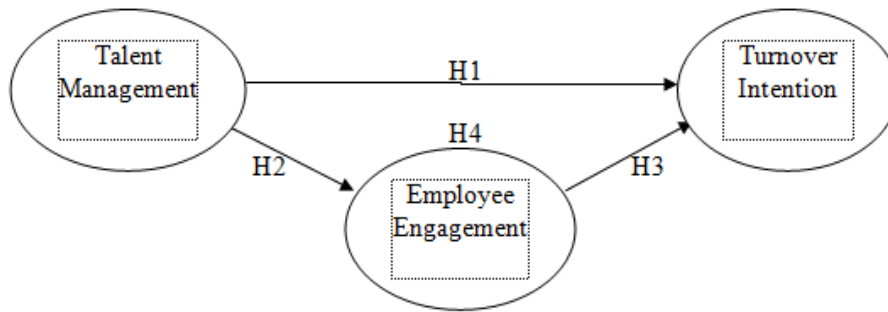


Figure 1. Research method

3. RESULTS AND DISCUSSIONS

This testing involves assessing a structural model by examining the R-square value, which is the result of the goodness of fit model. The talent management model on turnover intention has an R-square value of 0.581, indicating that 58.1% of the variability in the turnover intention construct can be explained by the talent management construct, while the remaining 41.9% is explained by other variables not examined in this study.

Another influencing factor is the employee engagement variable, indicated by a value of 0.217. This is interpreted as 21.7% of the employee engagement construct is influenced by the independent variables, namely talent management and turnover intention. Meanwhile, 78.7% is explained by variables beyond the scope of this research. This can be seen in the following table:

Table 1. R-square value

	R- Square	R-Square (adjusted)
EE	0.217	0.211
TI	0.581	0.574

After conducting the determination test, a path analysis is performed to understand the cause-and-effect relationships, aiming to explain the direct or indirect influence among exogenous variables with endogenous variables. This is achieved through bootstrapping analysis to obtain predictions from the path analysis results in this research model. The following is the path analysis diagram with bootstrapping analysis:

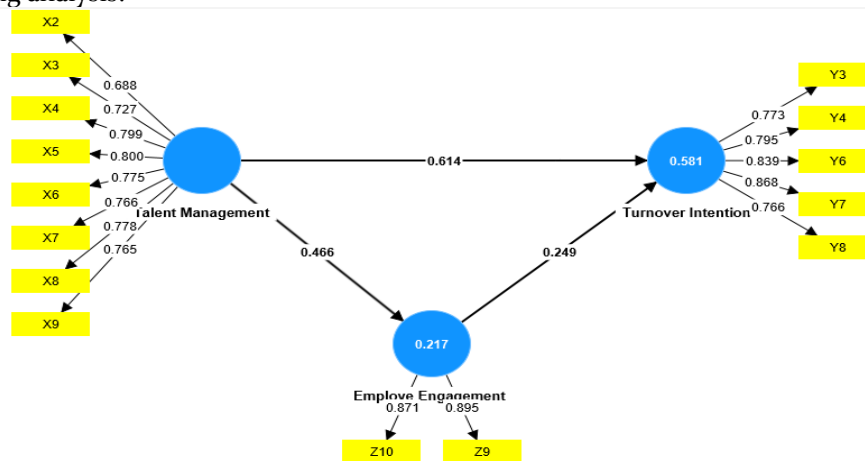


Figure 2. Bootstrapping

Next, it is detailed in Table 2 path coefficient, which explains the coefficient values, T values, and P values to serve as references for causal relationships in this model.

Table 2. Path Coefficient

Variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
TM ->TI	0.614	0.620	0.068	9.074	0.000
TM ->EE	0.466	0.474	0.079	5.884	0.000
EE-> TI	0.249	0.245	0.079	3.166	0.002

Based on Table 2, which explains the direct influence path coefficients, Table 3, specific indirect, elaborates on the indirect influence.

Tabel 3. Specific Indirect Effect

Variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
TM -> EE -> TI	0.116	0.115	0.039	2.995	0.003

Discussion

Impact of Talent Management (TM) on Turnover Intention (TI)

The research results indicate that Talent Management (TM) has a positive impact on Turnover Intention (TI). This finding is consistent with previous research conducted by [Purwaningrum \(2020\)](#) and [Setiawan and Prasajo \(2021\)](#), stating that effective talent management through providing challenges, trust, training opportunities, and employee career development with a clear path can reduce employees' intention to resign or leave the company where they work.

Impact of Talent Management (TM) on Employee Engagement (EE)

The research results show that Talent Management (TM) has a positive impact on Employee Engagement (EE). This finding aligns with previous research conducted by [Regyta Permata Fujiani Hariyanto & Ferdian \(2019\)](#), suggesting that employee engagement can be enhanced by providing support to employees, creating a conducive work environment, offering competitive careers and compensation, inspiring experiences, and fostering pride in being part of the company.

Impact of Employee Engagement (EE) on Turnover Intention (TI)

The research results indicate that Employee Engagement (EE) has a positive impact on Turnover Intention (TI). This finding is in line with previous research conducted by [Simbolon \(2012\)](#) and [GP Cahyono \(2022\)](#), suggesting that the intention to leave the company arises when employees perceive increased workload, non-competitive compensation, unclear career paths, an unsupportive work environment, and disharmonious work relationships.

Impact of Talent Management (TM) on Turnover Intention (TI) through the Mediation of Employee Engagement (EE)

The research results show that Employee Engagement (EE) has a positive impact on mediating Talent Management (TM) on Turnover Intention (TI). This finding aligns with previous research conducted by [Indra Setiawan and Satrio Prasajo \(2021\)](#) but with the mediation variable of Employee Retention, titled "Effect of Talent Management and Employee Engagement on Turnover Intention with Employee Retention Mediation." The conclusion is that Talent Management (TM) influences Turnover Intention (TI) through the mediation of Employee Retention (ER) in the *Journal of Business, Management, and Accounting*, 3(2) 2021.

4. CONCLUSION

Based on the research findings, the researcher can conclude that talent management contributes to turnover intention, and employee engagement can mediate the impact of talent management on turnover intention. Currently, to retain high-competency employees, especially millennial and Z-generation employees, companies need to have an effective talent management program, harmonious work relationships, a conducive work environment, including opportunities for training and self-development that are open and transparent. This way, employees feel supported and engaged in contributing to the achievement of the company's vision and mission effectively. Ultimately, the best employees will demonstrate dedication and loyalty to the company where they can build a career to achieve optimal and satisfying results. This will foster a long-term relationship between employees and company management. Suggestions for future research development could focus on further understanding the specific factors that influence the effectiveness of talent management programs and how they can be tailored to the characteristics of millennial and Z generation employees. Deepening the types of training and development that are most effective for meeting the developmental needs of this generation of employees, as well as how companies can create talent management programs that are more responsive to the preferences and values of these generations. Include aspects of the latest technology that can be applied in talent management, such as e-learning platforms or artificial intelligence-based approaches, to increase the effectiveness of such programs. The implications of this research can provide practical guidance for companies in developing talent management strategies that are more targeted and relevant to the needs of millennial and Z generation employees. By better understanding the factors that influence the success of talent management programs, companies can optimize their efforts to retain highly competent employees. In addition, this study can also make an important contribution to the human resource management literature by providing richer insights into the dynamics of the relationship between talent management, employee engagement, and turnover intention. These implications can help companies to adapt their human resource management practices according to the demands of a changing work environment, especially with the emergence of a new generation of workers.

REFERENCES

- Abdul Latif, F. D., Saraih, U. N., & Harada, Y. (2019). Talent management and turnover intention: the moderating effect of employee engagement. *Journal of Advanced Research in Business, Marketing and Supply Chain Management*, 3(1), 10–17.
- Akter, H., Ahmed, W., Sentosa, I., & Hizam, S. M. (2022). Crafting employee engagement through talent management practices in telecom sector. *SA Journal of Human Resource Management*, 20, 11.
- Atwood, C. (2020). *Succession planning basics*. American Society for Training and Development.
- Cahyono, G. P. (2022). Pengaruh Employee Engagement pada Turnover Intention Karyawan Milenial di Perusahaan Start Up. *Universitas Muhammadiyah Malang*.
- Ekhsan, & Taopik. (2020). Peran Mediasi Employee Engagement pada Pengaruh Talent Management Terhadap Employee Retention. *Jurnal Pengembangan Wiraswasta*, 22(3), 163.
- Faturrahman, F., Parminto, A., & Irwansyah, I. (2020). Analysis Of The Effect Of Work Stress, Work Load And Work Environment Turnover Intention. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 4(03).
- Gallup. (2013). State of the global workplace: employee engagement insight for business leaders worldwide. *New Jersey : Gallup, Inc.*
- Hariyanto, R. P. ., & Ferdian, A. (2019). Pengaruh Talent Management Terhadap Employee Engagement. *Jurnal Mitra Manajemen*, 3(3), 254–267.
- Ismail, D. H., Nugroho, J., & Rohayati, T. (2023). Literature Review: Soft Skill Needed by Gen Z in the Era RI 4.0 and Society 5.0. *Majalah Ilmiah Bijak*, 20(1), 119–131.
- Jiang, H., & Shen, H. (2023). Toward a relational theory of employee engagement: Understanding

- authenticity, transparency, and employee behaviors. *International Journal of Business Communication*, 60(3), 948–975.
- Jindal, P., & Shaikh, M. (2021). Talent retention: A mediator of the relationship between talent management strategies and succession planning. *Asian Academy of Management Journal*, 26(2), 117–142.
- Juniartika, R., Utami, S. E., & Ihsani, H. (2023). Pengaruh Kebermaknaan Kerja Terhadap Loyalitas Kerja pada Karyawan Generasi Z di Kota Padang. *Psyche 165 Journal*, 155–160.
- Kamel, N. (2019). Implementing talent management and its effect on employee engagement and organizational performance. *Abu Dhabi International Petroleum Exhibition & Conference*.
- Kuleto, V., P, M. I., Stanescu, M., Ranković, M., Šević, N. P., Păun, D., & Teodorescu, S. (2021). Extended reality in higher education, a responsible innovation approach for generation y and generation z. *Sustainability*, 13(21), 11814.
- Moletsane, M., Tefera, O., & Migiro, S. (2019). The Relationship between Employee Engagement and Organisational Productivity of Sugar Industry in South Africa: The Employees' Perspective. *African Journal of Business & Economic Research*, 14(1).
- Munir, M. A., & Nudin, B. (2021). Educational design for alpha generation in the industrial age 4.0. *2nd Southeast Asian Academic Forum on Sustainable Development (SEA-AFSID 2018)*, 137–145.
- Núñez-Canal, M., de Obesso, M. de las M., & Pérez-Rivero, C. A. (2022). New challenges in higher education: A study of the digital competence of educators in Covid times. *Technological Forecasting and Social Change*, 174, 121270.
- Oscar, O. (2018). *Survei: Mayoritas Generasi Milenial Tak Loyal dalam Bekerja*. Kumparan.
- Pratomo, D. S., & Manning, C. (2022). Structural change and formal sector employment growth in Indonesia. *Journal of Southeast Asian Economies*, 39(1), 1–20.
- Purwaningrum, K. (2020). Pengaruh Talent Management dan Employee Engagement terhadap Turnover Intention. *Universitas Pelita Bangsa*.
- Ramlawati, R., Trisnawati, E., Yasin, N., & Kurniawaty, K. (2021). External alternatives, job stress on job satisfaction and employee turnover intention. *Management Science Letters*, 11(2), 511–518.
- Raza, S. A., Umer, A., Qureshi, M. A., & Dahri, A. S. (2020). Internet banking service quality, e-customer satisfaction and loyalty: the modified e-SERVQUAL model. *The TQM Journal*, 32(6), 1443–1466.
- Rumawas, W. (2021). Talent management practices on employee turnover intention. *Jurnal Manajemen Teori Dan Terapan*, 14(3), 248–263.
- Saeno. (2022). *MENDORONG GENERASI MILENIAL DAN ZILENIAL MAKIN KE DEPAN*. Bisnis Indonesia.
- Sahni, J. (2021). Employee engagement among millennial workforce: Empirical study on selected antecedents and consequences. *SAGE Open*, 11(1), 21582440211002210.
- Saniuk, S., Caganova, D., & Saniuk, A. (2023). Knowledge and skills of industrial employees and managerial staff for the industry 4.0 implementation. *Mobile Networks and Applications*, 28(1), 220–230.
- Sariwulan, T., Capnary, M. C., & Agung, I. (2019). Contribution indicators of work stress and employee organizational commitments case study. *Verslas: Teorija Ir Praktika/Business: Theory and Practice*, 20, 293–302.
- Tabelessy, W., & Pattiruhu, J. R. (2022). Pengenalan Aplikasi SmartPLS Bagi Mahasiswa Baru Program Studi Magister Manajemen Universitas Pattimura. *Communio: Jurnal Pengabdian Kepada Masyarakat*, 1(2), 82–88.
- Taufick, A. L. K., & Kurniawan, J. E. (2023). Pengaruh Work Autonomy terhadap Loyalitas Karyawan Generasi Milenial dengan Perantara Work-Life Balance. *Psychopreneur Journal*, 7(2), 120–127.
- Thite, M. (2022). Digital human resource development: where are we? Where should we go and how do we go there? *Human Resource Development International*, 25(1), 87–103.
- Wihardja, M. M., & Cunningham, W. (2021). *Pathways to middle-class jobs in Indonesia*.
- Yang, H., Lin, Z., Chen, X., & Peng, J. (2023). Workplace loneliness, ego depletion and cyberloafing: can

leader problem-focused interpersonal emotion management help? *Internet Research*, 33(4), 1473–1494.
Yuswohady. (2019). *Milenial, Generasi Paling Tidak Loyal di Tempat Kerja*. Okezone.