THE ROLE OF TALENT MANAGEMENT AND EMPLOYEE ENGAGEMENT ON EMPLOYEE RETENTION MEDIATED BY JOB SATISFACTION

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Abstract: Retaining talented employees must be done to compete in the industrial world. The implementation of talent management is the company's effort in retaining its employees. In addition, fostering a sense of employee attachment to the company is also a strategy in retaining employees. The aim is to determine the effect of talent management and employee engagement on employee retention mediated by job satisfaction. The population is employees who work in electronics companies in the EJIP Cikarang industrial area. 90 respondents were used as samples with the sampling technique, namely the simple random sampling method. Data collection is done through google form and measured by Likert scale. The results are talent management contributes to employee retention, employee engagement does not contribute to employee retention, talent management contributes to job satisfaction, employee engagement contributes to job satisfaction. Job satisfaction contributes to employee retention, job satisfaction is able to mediate the relationship between talent management and employee engagement on employee retention.

Keywords: Talent Management, Employee Engagement, Employee Retention, Job Satisfaction

INTRODUCTION

Background

Human resources are a very important factor for companies to face the competition that occurs in the industrial world today. According to Wirayudha, (2020) employee retention can strive for employees to stay in the company longer. Based on the phenomena that occur according to the results of the Collage and University Proffessional Association for Human
Resources (CUPA-HR) survey that occurred in 2022 for the next 12 months the problem of employee retention seems to be getting worse, not better.

**Figure 1**
**Percentage Likely to Look for Another Job in The Next 12 Months**

![Pie chart showing employee likelihood to look for another job](chart.png)

Source: (www.cupahr.org, 2022)

Based on figure 1, it shows that about 35% of employees are likely to look for new job opportunities and another 22% are somewhat likely. Then, 43% of employees stated that in the next 12 months they would stay with their company.

The problem of employee retention in electronic companies in the EJIP Cikarang industrial area is the main problem discussed in this study. Employee retention is a critical challenge faced by companies in the industrial sector, as high employee turnover can negatively impact organizational performance and competitiveness. The researcher aims to investigate the factors that influence employee retention, one of which is good employee talent management by the company. Managing the talents owned by employees is an important thing that companies must do in retaining their employees. Managing employee talent is a challenge for all companies (Hafez et al., 2017). Companies in any sector need to have the right talent so that the company continues to grow and be innovative. (Baharin & Hanafi, 2018). According to Srimulyani, (2020) talent management is an activity of managing human resources in the success of business strategies in companies. According to Ekhsan & Taopik, (2020) talent management is a series of dynamic and systematic activities to find and develop employee talent.

The factor of employee engagement in the company is also one of the efforts that the company must make to retain its employees. According to Alkasim, (2019) defines a positive attitude towards work as a form of employee engagement. Meanwhile, according to Sucahyowati, (2020) Employee engagement is an emotional feeling such as the attitude of employees' concern for their work and company. Salary or promotion is not only the hope of employees but the achievement of company goals is also very important for employees. According to sahir (2020) high employee engagement will display good performance, so employee engagement is also important to improve employee retention. Previous research on the effect of employee engagement on employee retention shows inconsistent results. Some studies state that employee engagement has a significant effect on employee retention, while other studies show an insignificant effect. From these findings, it produces a situation that raises questions about the actual role of employee engagement in influencing employee retention. Job satisfaction felt by employees is also important for companies to pay attention...
The role of talent management and employee engagement on employee retention

The role of talent management and employee engagement on employee retention is a crucial aspect in retaining employees. According to Biason (2020), job satisfaction is defined as an emotional reaction that comes from employees' desires for work and is connected to the truth that occurs and is felt by employees, so that it causes an emotional reaction in the form of feelings of satisfaction or dissatisfaction. (Indah Lestari & Triani, 2020). If job satisfaction increases, employee retention will also increase.

The research gap in this study lies in the inconsistency of results from previous studies regarding the relationship between talent management, employee engagement, employee retention, and job satisfaction. Research by Hassan, (2022) and Azan, (2022) showed the results that talent management contributes to employee retention. Whereas in Ekhsan & Taopik's research, (2020) showed no contribution between talent management and employee retention. In Masrifan's research, (2022) and Ashraf & Siddiqui's research (2020) show that employee engagement is able to contribute to employee retention, while in Hido's research, (2021) shows that there is a contribution of employee engagement to employee retention but it is not significant. In addition, regarding the mediating role of job satisfaction in the effect of talent management on employee retention, according to Satria's research (2019) and Shahed's research (2013) shows that job satisfaction as a mediating variable is able to mediate the relationship between talent management and employee retention. Meanwhile, Thunnissen's (2013) research shows that job satisfaction mediation is unable to mediate the relationship between talent management and employee retention. Furthermore, for the mediating role of job satisfaction in the effect of employee engagement on employee retention, research by Ashraf & Siddiqui (2020) and Ibrahim (2023) shows that job satisfaction as a mediating variable is able to mediate the relationship between employee engagement and employee retention. However, Linda Mora's research (2022) shows that job satisfaction as a mediating variable is unable to mediate the relationship between employee engagement and employee retention.

Therefore, this study aims to address the gap in the different results found by several previous studies regarding the effect of talent management and employee engagement on employee retention, as well as job satisfaction as a mediating variable for employees of electronics companies in the EJIP Cikarang industrial area. By understanding the mechanism between variables, it is expected that this research can provide a better understanding of the factors that influence employee retention, in addition this research is expected to provide valuable insights into developing effective strategies to retain talented employees and improve organizational performance.

**Research Objectives**

The purpose of this study is to determine the effect of talent management and employee engagement on employee retention and job satisfaction which plays a role as a mediating variable. Therefore, the results of this study have the potential to add useful insights and new ideas for future researchers and readers in the context of the aim of increasing employee retention in electronic companies in the EJIP Cikarang Industrial Estate.

**LITERATURE REVIEW**

**Employee Retention**

Urbani (2023) states that employee retention is an effort to retain employees in the form of providing motivation and comfort in the work environment for employees. According to Dorothy (2023) employee retention is an employee work relationship in the form of actions taken by the company in retaining its employees. And employee retention can strive for employees to stay longer in the company to achieve company goals. (Srimulyani, 2020).
Talent Management
Srimulyani, (2020) states that talent management is a series of activities to manage and develop human resources in the success of the business strategy used by the company. Activities manage human resources that have high potential and ensure the availability of talented human resources which aim to get the right employees with the right jobs in accordance with the company's strategy which is the company's goal. (Tri Saputra et al., 2020). Meanwhile, according to Yuli Angliawati (2020) talent management is a series of processes for managing and developing talents owned by human resources in achieving company success and being able to compete with other companies.

Employee Engagement
Alkasim (2019) states that employee engagement is a positive thought and view of employees towards their work. Employee engagement is also an emotional feeling of employees who care deeply about their work and company. Salary or promotion is not the main goal of employees but the interests of organizational goals that are very important to employees. (Sucahyowati & Hendrawan, 2020). Meanwhile, according to Pulungan & Rivai (2021) employee engagement is a sense of employee attachment to work and the company in achieving the company in order to provide a sense of freedom to employees.

Job Satisfaction
Millena (2022) states that job satisfaction is an employee's emotional commitment to his job. Job satisfaction is the attitude shown by employees towards their work and company, such as satisfied employees tend to be absent less often, on the other hand, if employees feel dissatisfied, they are often absent or skip work. (Simanjuntan & Sitio, 2021). Meanwhile, according to Setiawan (2018) job satisfaction is a sense of satisfaction or dissatisfaction that employees feel towards their work, and employees will give a loyal attitude to their work which will have a positive impact on the success of the company, therefore employee productivity and positive employee results can increase opportunities for company success.

Hypothesis
H₁: Talent management affects employee retention.
H₂: Employee engagement affects employee retention.
H₃: Talent Management affects job satisfaction.
H₄: Employee engagement affects job satisfaction.
H₅: Job satisfaction affects employee retention.
H₆: Job satisfaction mediates the relationship between talent management and employee retention.
H₇: Job satisfaction mediates the relationship between employee engagement and employee retention.

RESEARCH METHODOLOGY
The research article employed a quantitative research approach to examine the influence of talent management and employee engagement on employee retention, mediated by job satisfaction. The population of the study comprised employees working in electronic companies within the EJIP Cikarang industrial area. The constructs in this study are talent management was defined as a series of activities to manage high-potential human resources and ensure the availability of talented human resources to achieve the company's strategic goals. Employee engagement was defined as the emotional feelings of employees who deeply care about their work and the company. Job satisfaction was defined as the attitude shown by employees towards their work and the company. Employee retention was defined as the company's efforts or methods to retain its potential employees.
The respondents ranged in age from 18 years old to over 41 years old. The educational background of the participants varied, spanning from high school to master's degree. In terms of work experience, the sample included employees with a wide range of tenure. Some respondents had been employed for less than 1 year, while others had been with their respective companies for more than 10 years. The sampling technique employed was random sampling, and the sample size was determined using the Hair et al. (2014) formula, which is 5 to 10 x the number of indicators. The number of indicators in this study were 18 indicators and calculated as 5 x 18 = 90 respondents. Data was collected through Google forms and measured using a Likert scale, with the analysis conducted using Smart PLS 3.

RESULTS AND CONCLUSION

Results

Descriptive Statistics

Descriptive analysis was conducted to determine the characteristics of employees of electronic companies in the EJIP Cikarang industrial area. The results of the analysis state that most employees are male, have a high school education, are in the age range of 18-25 years, and have worked in electronic companies in the EJIP area for 1-5 years.

| Table 1 | Demographics of Respondents |
|---|---|---|
| Items | Categories | Percentage (%) |
| Gender | Male | 61% |
| | Female | 39% |
| Education | Senior High School | 64% |
| | Diploma D3 | 14% |
| | Bachelor Degree (S1) | 22% |
| | Master Degree (S2) | 3% |
| Age | 18-25 years old | 81% |
| | 26-33 years old | 15% |
| | 34-41 years old | 3% |
| | >41 years old | 1% |
| Period of services | <1 year | 43% |
| | 1-5 years | 47% |
| | 6-10 years | 6% |
| | >10 years | 4% |

Source: Researcher (2024)

Outer model

Table 2

Construct Validity and Reliability

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE</td>
<td>0.865</td>
<td>0.892</td>
<td>0.896</td>
</tr>
<tr>
<td>ER</td>
<td>0.938</td>
<td>0.940</td>
<td>0.948</td>
</tr>
<tr>
<td>KK</td>
<td>0.854</td>
<td>0.899</td>
<td>0.891</td>
</tr>
<tr>
<td>TM</td>
<td>0.891</td>
<td>0.913</td>
<td>0.912</td>
</tr>
</tbody>
</table>

Source: Researcher (2024)

Based on table 2, the AVE value above 0.5 indicates good validity, while the Cronbach's Alpha, rho_A, and Composite Reliability values above 0.7 indicate good reliability. From the table it can be seen that all constructs (EE, ER, KK, and TM) have an AVE value above 0.5 and Cronbach's Alpha, rho_A, and Composite Reliability values above 0.7, so it can be concluded that all constructs in this study are valid and reliable.
Based on table 3, the R square test results show that the talent management and employee engagement variables are able to explain 78.3% of employee retention and the remaining 21.7% is explained by other factors outside the model. The adjusted R square value is close to R square, which means that the regression model is correct. The R square test results also show that the talent management and employee engagement variables are able to explain 69.3% of the variation in job satisfaction. The remaining 30.7% is explained by other factors. The adjusted R square value is close to R square, so the regression model is feasible and appropriate.

Based on figure 2, the bootstrapping test shows the results of the T Statistical value which is above 1.96 and the P Values value is below 0.05. This means that talent management and employee engagement contribute to job satisfaction. The mediating variable of job satisfaction
is also proven to have a contribution to the dependent variable employee retention as shown in the T Statistic value which is above 1.96 and P Values below 0.05.

### Path Coefficient Test

**Table 5**

Path Coefficient Test Results

|                | Original Sample (O) | Sample Average (M) | Standard Deviation (STDEV) | T Statistic (|O/STDEV |) | P Values |
|----------------|---------------------|--------------------|---------------------------|-----------------|---------|---------|
| EE -> ER       | 0.013               | 0.028              | 0.134                     | 0.097           | 0.923   |
| EE -> KK       | 0.462               | 0.464              | 0.092                     | 5.021           | 0.000   |
| KK -> ER       | 0.530               | 0.520              | 0.111                     | 4.761           | 0.000   |
| TM -> ER       | 0.394               | 0.394              | 0.111                     | 3.561           | 0.000   |
| TM -> KK       | 0.417               | 0.421              | 0.093                     | 4.482           | 0.000   |

Source: Researcher (2024)

The path coefficient test shows the results that only the talent management variable has a contribution to employee retention. Evidenced by the T Statistic value of 3.561 above 1.96 and P Values of 0.000 below 0.05. Meanwhile, employee engagement does not contribute to employee retention because the T Statistic value is 0.097 below 1.96 and the P Values are 0.923 above 0.05.

### Specific Indirect Effects Test

**Table 6**

Specific Indirect Effects

|                | Original Sample (O) | Sample Average (M) | Standard Deviation (STDEV) | T Statistic (|O/STDEV |) | P Values |
|----------------|---------------------|--------------------|---------------------------|-----------------|---------|---------|
| EE -> KK -> ER | 0.245               | 0.242              | 0.074                     | 3.322           | 0.001   |
| TM -> KK -> ER | 0.221               | 0.218              | 0.067                     | 3.284           | 0.001   |

Source: Researcher (2024)

The mediation test shows that job satisfaction is proven to mediate the effect of talent management and employee engagement on employee retention. Evidenced by the T Statistic value which is above 1.96 and the P Values value which is below 0.05. This means that although employee engagement does not directly affect employee retention, through the mediating variable of job satisfaction employee engagement is able to increase employee retention.

### Talent Management and Employee Retention

The talent management variable is able to contribute to employee retention. This means that if the company can improve talent management, employee retention will increase. Based on the results of the research conducted, improving talent management in employees of electronic companies in the EJIP Cikarang Industry can increase employee retention. Hassan’s research (2022) in line with this research, which states that there is a contribution of talent management to employee retention. Likewise with Azan’s research (2022) shows that talent management is able to contribute to employee retention. However, the statement in Ekhsan & Taopik’s research (2020) is not in line with this study, which states that talent management has no contribution to employee retention.

### Employee Engagement and Employee Retention

The employee engagement variable is not able to contribute to the employee retention variable. This means that increasing employee engagement is not able to contribute to increasing employee retention. Based on the results of the research conducted, increasing employee engagement in employees of electronic companies in the EJIP Cikarang Industry
cannot increase employee retention. Hido's research (2021) also states the same thing, namely that there is no contribution between employee engagement and employee retention. However, in Prasetyo's research (2023) does not state the same thing, his research states that there is a contribution of employee engagement to employee retention. Likewise, Ashraf & Siddiqui's research (2020) states that employee engagement has a contribution to employee retention.

**Talent Management and Job Satisfaction**

The talent management variable is able to contribute to job satisfaction. This means that increased job satisfaction can be caused by the contribution of increased talent management. Based on the results of the research conducted, increasing talent management in employees of electronic companies in the EJIP Cikarang Industry can increase job satisfaction. Research conducted by Alparslan (2020) in line with this research, which shows the contribution of talent management to job satisfaction. Likewise, Rafliani's research (2023) said that talent management contributes to job satisfaction. However, in research conducted by Yulian (2023) shows that talent management has no contribution to job satisfaction, this is not in line with this study.

**Employee engagement and Job Satisfaction**

The employee engagement variable is able to provide a contribution to job satisfaction. This means that if employee engagement is increased, job satisfaction will also increase. Based on the results obtained, increasing employee engagement in employees of electronic companies in the EJIP Cikarang Industry can increase job satisfaction. Research conducted by Setiawan (2018) also stated the same thing as this study, namely, the contribution of employee engagement to job satisfaction. In Simanjuntan's research (2021) also states that employee engagement contributes to job satisfaction. However, in Wahyu Arista's research (2019) does not show that employee engagement does not contribute to job satisfaction, which means it is not in line with this research.

**Job Satisfaction and Employee Retention**

Job satisfaction variables are able to contribute to employee retention. This means that if the level of employee job satisfaction is increased, employee retention will also increase. Based on the results obtained, increasing job satisfaction in employees of electronic companies in the EJIP Cikarang Industry can increase employee retention. In Biason's research (2020) also stated the same thing as this study, which shows the contribution of job satisfaction to employee retention. Likewise with Nadila Damayanti's research (2021) said that job satisfaction is able to contribute to employee retention. However, this research is not in line with Millena's research (2022) which shows that job satisfaction has no contribution to employee retention.

**Job Satisfaction in Mediating the Effect of Talent Management on Employee Retention**

The mediation test results show that job satisfaction contributes to mediating talent management on employee retention. This means that the relationship between talent management and employee retention can be mediated by job satisfaction. This research is in line with research conducted by Satria (2019) shows that job satisfaction as a mediating variable is able to contribute to the relationship between talent management and employee retention. Likewise with Shahed's research (2013) which shows that the mediating variable of job satisfaction has a contribution to the relationship between talent management and employee retention. However, this study is not in line with Thunnissen's research (2013) which shows that job satisfaction is not able to contribute to the relationship between talent management and employee retention.
Job Satisfaction in Mediating the Effect of Engagement on Employee Retention

The mediating variable of job satisfaction can also contribute to mediating employee engagement on employee retention. This means that the relationship between employee engagement and employee retention can be mediated by job satisfaction. This research is in line with research conducted by Ashraf & Siddiqui (2020) which shows that job satisfaction as a mediating variable is able to contribute to the relationship between employee engagement and employee retention. Likewise with Ibrahim's research (2023) which shows that the mediating variable of job satisfaction has a contribution to the relationship between employee engagement and employee retention. However, in Linda Mora's research (2022) does not show the same results as this study, which shows that job satisfaction as a mediating variable is unable to contribute to the relationship between employee engagement and employee retention.

CONCLUSIONS

The study’s key findings provide valuable insights into the dynamics of talent management, employee engagement, and employee retention within electronic companies in the EJIP Cikarang Industrial Estate. The results indicate that talent management positively contributes to employee retention, suggesting that companies should prioritize effective talent management practices to maintain a stable and committed workforce. Interestingly, employee engagement did not directly contribute to employee retention, highlighting the need for a more nuanced understanding of the relationship between these variables. The research further reveals that talent management and employee engagement both contribute significantly to job satisfaction, which in turn positively impacts employee retention. This underscores the importance of fostering a work environment that promotes job satisfaction, as it serves as a crucial mediator in the relationships between talent management, employee engagement, and employee retention.

Additionally, the study found that job satisfaction mediates the relationship between talent management and employee retention, as well as the relationship between employee engagement and employee retention. This suggests that by improving talent management and enhancing employee engagement, companies can positively influence job satisfaction, ultimately leading to improved employee retention. The authors recommend that future researchers expand the scope of the study to include long-term aspects of employee retention and further investigate the consistent effects or changes in the relationships between talent management, employee engagement, and job satisfaction over time. This would provide a more comprehensive understanding of the dynamics within the electronics industry and offer valuable guidance for organizations in developing effective strategies to retain their most valuable human resources.

Operationalization of Variables

In conducting research, table 7 below is an operational variable that has been compiled to describe each variable in this study, namely:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicator</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention (Isfahani &amp; Boustani, 2014)</td>
<td>Exciting work/challenge</td>
<td>My current job is very interesting. Interesting work can increase my motivation</td>
</tr>
<tr>
<td></td>
<td>Career growth/learning</td>
<td>The company supports my career development. My current job meets my career expectations.</td>
</tr>
<tr>
<td></td>
<td>Relationships/working with great staffs and employees</td>
<td>I am supported by team members in achieving common goals. Communication within my team is going well.</td>
</tr>
<tr>
<td></td>
<td>Fair pay</td>
<td>The salary received is in accordance with my work contribution. The company has been transparent about the payroll system.</td>
</tr>
</tbody>
</table>
Supportive management/great manager and supervisor

Management is supportive in achieving my work goals. Management helps me face challenges in my work.

Succession Planning

I am involved in the company's success planning. The process of succession planning is fair.

Job Experience

I had the opportunity to be given challenging responsibilities. I was given support after the training session.

Training

The training sessions improved my work skills. I struggle when given new responsibilities.

Coaching

The coaching sessions helped me achieve my goals. The coaching sessions provided useful insights.

Mentoring

The mentoring program improved my work skills. The mentoring program overcome challenges in my work.

Career Management

I have planned my career development. My career is currently going according to plan.

Vigor

I was able to overcome the challenges with great enthusiasm. I am always eager to do my work activities. Morale helps my team succeed.

Dedication

I really tried to achieve the desired result. My dedication affects my overall performance. My dedication affects the success of the company.

Absorption

I am always focused when absorbing new information. I have difficulty absorbing new information. My coworkers help me when I have trouble absorbing new information.

Salary

The company is fair in its distribution of compensation. I am satisfied with the amount of salary received.

Environment

I am comfortable with my current work environment. The security facilities in my work environment are adequate.

Stress

My workload is too heavy. Support from coworkers can alleviate stress.

Leadership

My leader can motivate me to achieve company goals. My leader made the right decision in a critical situation.

Source: Researcher (2024)

LITERATURE


