

The Influence of Talent Management And Employer Branding on Employee Retention with Employee Engagement as a Mediating Variable at Prima Inti Medika Hospital North Aceh

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Abstract

The purpose of this study is to examine how talent management and employer branding impact employee retention, focusing on the role of employee engagement. The study involved 168 participants, who were all employees of Prima Inti Medika Hospital in North Aceh. Data was collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with AMOS, as well as the Sobel Test. The results indicate that neither talent management nor employer branding directly and significantly affects employee retention. However, both talent management and employer branding do significantly influence employee engagement. Additionally, employee engagement has a noteworthy impact on employee retention. These findings suggest that talent management and employer branding indirectly affect employee retention through their influence on employee engagement. To improve employee retention, it is recommended that the management of Prima Inti Medika Hospital, North Aceh, focuses on promoting positive relationships, mutual support, and motivation among colleagues to enhance performance and reduce turnover intentions.

Keywords : Talent Management, Employer Branding, Employee engagement, Employee retention

1. Introduction

Employees play a crucial role in the functioning of organizations, particularly in hospitals, where their performance significantly contributes to the institution's ability to achieve its objectives, vision, also mission. As per Law No. 44/2009, hospitals are healthcare establishments that provide comprehensive medical services, including inpatient, outpatient, also emergency care. Data from the Central Statistics Agency (BPS) indicates as of 2022, Indonesia had a total of 3,072 hospitals, comprising 2,561 general hospitals (RSU) also 511 specialized hospitals (RSK). In Aceh Province, there are 65 hospitals, consisting of 33 private, 27 government-run, also 5 military/police hospitals. Specifically, in North Aceh Regency, there are two public hospitals: RSU Cut Meutia (government-run) also RS Prima Inti Medika (privately owned), as reported by the Government of Aceh.

Prima Inti Medika Hospital holds significance as a healthcare provider in the North Aceh Special Economic Zone (SEZ) due to its designation as a Type D Private Hospital. It caters to the healthcare needs of employees of PT Pupuk Iskandar Muda (PIM) as well as the surrounding community, offering advanced medical services coupled with high-quality care. A notable challenge in human resource management at RS Prima Inti Medika is the high turnover intention among employees, indicating their inclination to leave the organization. In 2022, the turnover intention rate at Prima Inti Medika Hospital, North Aceh stood at 13%, resulting in the resignation of 22 employees. An annual turnover rate exceeding 10% is generally deemed to be unacceptably high (Harris & Cameron, 2005). Elevated turnover rates within hospital settings cause disruptions in healthcare services, leading to financial, operational, also reputational setbacks. Hence, hospitals must augment employee retention also reduce turnover intentions. Employee retention encompasses strategic initiatives undertaken by organizations to retain valuable staff members, thereby

facilitating the attainment of business objectives (Chopra et al., 2023). Employee engagement plays a pivotal role in bolstering productivity, performance, also organizational sustainability. When employees are actively engaged in their duties, they are more inclined to exhibit a commitment to their organization, thereby facilitating the attainment of competitive advantage, heightened productivity, also reduced turnover rates. (Febriansyah & Ginting, 2020). Referencing the study of (Pandita & Ray, 2018), prominent also noteworthy employee engagement factors are evident concerning variables related to employee retention. Two key factors influencing employee retention are identified: talent management also employer branding. Talent management refers to a structured approach utilized by organizations to recognize, recruit, nurture, also retain top-performing individuals within their workforce to fulfill organizational requirements. (Wolor et al., 2020). Refer to (Dipietro et al., 2019) Effective talent management policies have a positive also substantial influence on variables related to employee retention. The implementation of proficient talent management strategies fosters employee loyalty also a commitment to their workplace. The second factor is employer branding, which entails crafting a distinctive identity for employees also establishing organizational values that distinguish the company from its competitors. (Backhaus & Tikoo, 2004). (Mouton & Bussin, 2019) stated employees who perceive their employer branding positively are less inclined to actively pursue new job prospects or entertain offers from other companies. Hence, it is imperative for employer branding to portray the organization as a superior employer in comparison to its competitors. Building on the aforementioned context, this study seeks to explore "The Impact of Talent Management also Employer Branding on Employee Retention, with Employee Engagement as a Mediating Factor, at Prima Inti Medika Hospital, North Aceh."

2. Literature

Employee Retention

Employee retention pertains to the organization's capacity to retain employees who express a desire to stay with the company over an extended duration. It encompasses strategic initiatives by the company to cultivate a work environment that fosters sustained employee dedication. (Yousuf & Siddiqui, 2019). The goal of employee retention is to keep employees deemed qualified within the organization. (Marthis & Jackson, 2016). Employee retention is assessed through six primary indicators: the inclination to stay with the organization for the forthcoming five years, and intentions regarding employment opportunities elsewhere. (Kyndt et al., 2009).

Employee Engagement

Employee engagement is typically defined as the level of commitment also active participation exhibited by an employee towards their organization also its values. (Anita, 2014). As described by Gallup, it is distinguished by a favorable attitude towards work, encompassing a sense of "passion" also a "strong bond" with one's supervisor. (Schermerhorn, 2020). Furthermore, employee engagement entails being both physically also psychologically present while fulfilling organizational duties (Pandita & Ray, 2018). Seven indicators of employee engagement, as mentioned by (Anita, 2014), encompass aspects such as the working environment, leadership, teamwork, labor relations, training, career development, compensation, organizational policies, also employee welfare. Furthermore, three factors that impact employee engagement have been identified: Job Resources, Significance of Job Resources, also Personal Resources. (Bakker & Demerouti, 2007).

Talent Management

Talent management is an inclusive strategy designed to oversee the competencies, abilities, also skills of employees within an organization. This strategy aids organizations in maximizing their human resources to attain organizational goals also efficiently harness their skilled workforce. (Berger & Berger, 2018). It encompasses five primary components: 1) recruitment, attraction, also selection; 2) training also development; 3) retention; 4) identification; also 5) performance management of talent. (Gallardo-Gallardo & Thunnissen, 2016).

Employer Branding

Employer branding embodies a contemporary approach that continually molds a company's reputation to both attract also retain employees. It embraces a six-dimensional outlook, as delineated by (Alniaçık, 2012).

This comprises social value, market value, economic value, applicability, collaboration value, as well as the working environment. (Amstrong, 2008).

Conceptual framework

Talent management significantly influences employee engagement variable (Pandita & Ray, 2018; Birou & Hoek, 2022; Bhatnagar, 2007). The benefits of an effectively implemented talent management strategy include increased employee hire also retention rates, as well as increased employee engagement (Hughes & Rog, 2008). Additionally, it is noted talent management correlates positively with levels of employee engagement. Substantial levels of employee engagement significantly influence organizational productivity, as employees demonstrate a willingness to exert additional effort to assist the company in attaining its objectives. (Ancarani et al., 2018). Strategy *employer branding* Good ones are strong drivers of engagement (Spoljari & Ver, 2021). The behavioral, cognitive also emotional components of employee engagement are positively related to dimensions of *employer branding* (Tumasjan et al., 2019; Dabirian et al., 2019; Tanwar, K. & Kumar, 2019; Kashyap, 2017). Thus hypotheses can be established:

H1 = Talent management influences employee engagement.

H2 = Employer branding influences employee engagement.

Talent management practices, such as employee talent training also development, have consequences for employee retention in the hospitality industry (Marinakou, E., & Giousmpasoglou, 2019). Talent management positively and also significantly influences employee retention variable (Dipietro et al., 2019); (Ott et al., 2018). *Employer branding* Effectively results in competitive advantage, helps internalize organizational values also aids employee retention (Dasan, 2022). Indian IT professionals place great importance on the salaries also career advancement opportunities they receive also are negatively associated with moving intentions (Kashyap, 2017). The implementation of employer branding impacts the productivity, loyalty, also engagement of existing employees with the company, as well as the organizational identity also culture. This suggests a positive relationship between employer branding also employee retention. (Arasanmi & Krishna, 2019; Matongolo et al., 2018; Chawla, 2020; Tumasjan et al., 2019; Dabirian et al., 2019). Engagement correlates significantly with productivity, profitability, customer satisfaction, also talent retention. (Sharma & Sharma, 2021). Employee engagement aids in conveying the company's value propositions to employees, thereby facilitating effective employee retention (Chopra et al., 2023).

H3 = Talent management influences employee retention.

H4 = Employer branding influences employee retention.

H5 = Employee engagement influences employee retention.

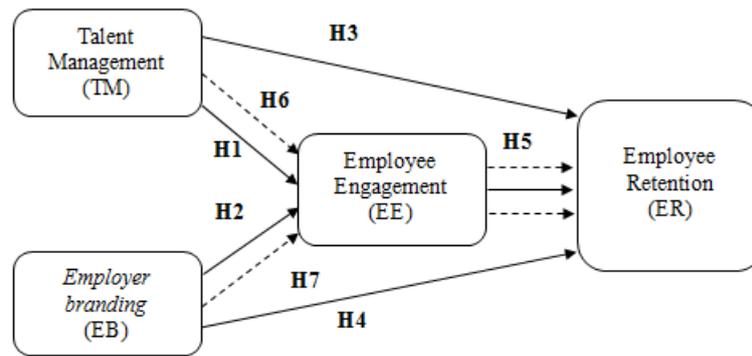
Employee engagement successfully mediates the relationship between talent management also employee retention (Pandita & Ray, 2018). Talent management has a positive influence on employee engagement in a company (Birou & Hoek, 2022) also employee engagement influences employee retention (Chopra et al., 2023).

H6 = Employee engagement mediates the talent management impact on employee retention.

Employee engagement mediates the relationship between job characteristics also managers' intentions to leave (Agarwal & Gupta, 2018). *Employer branding* relates to employee job satisfaction through engagement (Lee, 2022). also the positive relationship between *employer branding* also employee engagement (Yousf & Khurshid, 2021); (Chopra et al., 2023).

H7 = Employee engagement mediates the employer branding impact on employee retention.

The following study model explains the relationship between each variable:



Keterangan:
 —————> = Direct influence
 - - - - -> = Indirect influence

Figure 1. Study Model

3. Method

The focus of this study is Prima Inti Medika Hospital in North Aceh, Indonesia. It examines the influence of talent management and employer branding on employee retention, with employee engagement serving as a mediator. The study involves 168 respondents, covering the entire workforce. Primary data collection methods include questionnaire surveys conducted through Google Forms and WhatsApp. Questionnaires are distributed individually through personal chats and collectively in group settings. The Likert scale is utilized for data measurement :

1. Employee retention is evaluated based on several criteria, including the commitment to staying with the company for the next five years, intentions regarding seeking employment elsewhere, satisfaction with current job roles, willingness to adapt to different positions, resistance to more attractive job offers, and the perceived importance of current job responsibilities.
2. Employee engagement is assessed across multiple dimensions, such as the quality of the work environment, effectiveness of leadership, teamwork dynamics, labor relations, opportunities for training and career advancement, adequacy of compensation, adherence to organizational policies, and overall employee welfare.
3. Talent management is measured through various indicators, including the efficacy of recruitment strategies, rates of employee turnover, methods for selecting suitable candidates, provision of training and development opportunities, strategies for retaining talent, identification of high-potential employees, and management of employee performance.
4. Employer branding is evaluated using diverse aspects, including social value, market value, economic value, application value, collaboration value, and the quality of the workplace environment.

Analytical techniques utilized include Structural Equation Modeling (SEM) with AMOS also indirect hypothesis testing employing the Sobel Test.

4. Result And Discussion

In this study, the characteristics of respondents at the Prima Inti Medika Hospital in North Aceh can be concluded that the average employee age is between 21 and 30 years. The majority of them are married women, with an average number of dependents between 3 and 4 people. Most employees have a bachelor's degree educational background, and on average have worked at the hospital for 3 to 4 years. Almost all employees have contract employee status, and nurses are the position with the largest number of workers. In addition, only a few employees have side jobs. The SEM-AMOS test result can be seen in Figure 2 below:

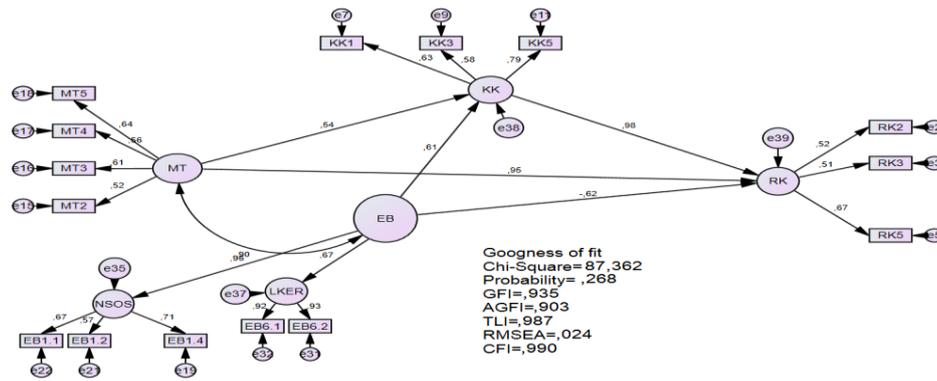


Figure 2. SEM-AMOS Test Result

Based on Figure 2, the Chi-square value is 87.362 with a probability of 0.268, which is greater than or equal to 0.05. The GFI value is 0.935, exceeding the threshold of 0.90, while the AGFI value is 0.903, also surpassing the 0.90 benchmark. Furthermore, the TLI value is 0.987, meeting the criterion of 0.950, also the RMSEA value is 0.024, which is less than or equal to 0.080. Lastly, the CFI value is 0.990, which exceeds the 0.950 threshold. Overall, the assessment indicators indicate a good fit for the model. The output results of Regression Weights in the SEM-AMOS Test can be seen in Table 1 below:

**Table 1
SEM-AMOS Test Results**

			Estimate	Standardized Estimate	S.E.	C.R.	P	Hypothesis
Employee Engagement	<---	Talent Management	0,544	0,711	0,062	2,102	0,036	Accepted
Employee Engagement	<---	Employer Branding	0,614	0,827	0,014	2,321	0,025	Accepted
Employee Retention	<---	Talent Management	0,946	0,749	0,814	1,073	0,283	Rejected
Retensi Karyawan	<---	Employer Branding	-0,617	-0,718	0,851	-1,726	0,468	Rejected
Retensi Karyawan	<---	Employee Engagement	0,975	0,725	0,420	2,322	0,020	Accepted

Source : Primary Data, 2024 (processed)

Talent Management and Employer Branding Impact on Employee Engagement

Following Table 1, the estimated parameter values are calculated for testing the hypotheses H1 and H2. The results of H1 indicate that the critical ratio (C.R) value is 2.102 > 1.96, with a probability (p) of 0.036 < 0.05, leading to the acceptance of Ha1. The standardized estimate is 0.711 points on the Likert scale. This implies that a 1-point increase in talent management on the Likert scale equates to a 71.1-point increase in employee engagement. The results of H2 suggest that the CR is 2.321 > 1.96, p 0.025 < 0.05, leading to the acceptance of Ha2. The standardized estimate is 0.827 points on the Likert scale. This means that a 1-point increase in employer branding on the Likert scale results in a 0.827-point increase in employee engagement. Consequently, it is concluded that talent management and employer branding significantly influence employee engagement at Prima Inti Medika Hospital, North Aceh. These results are in line with (Pandita & Ray, 2018) which shows that the talent management variable positively affects the employee engagement variable. And referring to (Birou, L., & Hoek, 2022) the involvement of company executives in talent development has a positive impact. Research (Spoljari & Ver, 2021) states that a good employer branding strategy is a strong driver of engagement. Referring to several previous studies by (Tumasjan et al., 2019; Dabirian et al., 2019; Tanwar, K. & Kumar, 2019; Kashyap, 2017) employer branding affects employee engagement. This means that the better the implementation of talent management, the higher the level of

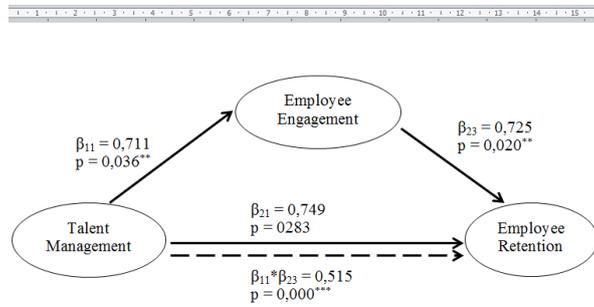


Figure 4. Employee Engagement on Employer Branding Impact on Employee Retention

Figures 3 and 4 depict the model derived from the results of the impact of employee engagement as a mediator on H6 and H7. Figure 3 shows a p-value of $0.000 < 0.05$, leading to the acceptance of Ha6. In Figure 4, the results demonstrate a p-value of $0.010 < 0.05$ level, leading to the acceptance of Ha7. These findings indicate an indirect influence of talent management and employer branding on employee retention, with this influence being fully mediated by employee engagement. The results are in line with (Pandita & Ray, 2018) that the employee engagement variable successfully mediates the relationship between the talent management variable and the employee retention variable. Research (Birou & Hoek, 2022) suggests that talent management has a positive effect on employee engagement in a company, and research (Chopra et al., 2023) interprets employee engagement as having an influence on employee retention and acting as a mediator in relationships between employer branding and its workers. In line with (Agarwal & Gupta, 2018), they found that employee engagement mediates the relationship between job characteristics and managers' intention to leave. (Lee, 2022) found that employer branding is related to employee job satisfaction through engagement. (Bharadwaj, 2022) said there is a direct relationship between employer branding and talent retention. Based on our research now, we have found that effectively managing talent and cultivating a strong employer brand play a crucial role in improving employee retention. Furthermore, our findings suggest that dedicating resources to initiatives aimed at engaging employees has a very significant positive impact on this goal, as employee engagement here turns out to be so important that it functions as a full mediator in the model.

5. Conclusion

The findings from tests conducted on employees at Prima Inti Medika Hospital, North Aceh using descriptively revealed positive outcomes related to talent management, employer branding, employee engagement, and employee retention. The direct influence test showed that talent management and employer branding did not significantly affect employee retention, but did have an impact on employee engagement. Employee engagement significantly influences employee retention. The mediation test indicated that employee engagement mediates the influence of talent management on employee retention. These findings provide a strong foundation for future research and strategy development aimed at improving employee retention. It is important to note the study's limitations, particularly its narrow focus on the variables examined. Therefore, future studies should aim to broaden the theoretical framework surrounding employee retention, further contributing to the existing literature on the importance of employee retention for organizational sustainability.

The research suggests that to improve employee retention at Prima Inti Medika Hospital in North Aceh, it is important to focus on the level of employee engagement in the hospital. Furthermore, the hospital needs to provide clarity regarding employment status and additional benefits, improve facilities, and ensure complete medical equipment to enable employees to work optimally. The process of recruiting, attracting, and selecting employees should be carried out objectively to reduce repetitive recruitment activities and ensure that employees can meet the hospital's needs. Additionally, it is important to reconsider linking salaries to employee performance as a way to improve employee retention at Prima Inti Medika Hospital in North Aceh.

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