

INVESTIGATING TALENT MANAGEMENT AND INTENTION TO STAY AS MEDIATING TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE

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Abstract

A great leadership is imperative for organization wanted to achieve their goals. Transformational leaders will transform and to realize performance outcomes who is able to motivate, inspires and create a commitment with their followers. This study's aims to have better understanding the influence of transformational leadership on employee performance, by investigating the mediating role of talent management and intention to stay. The research uses SPSS.25 to correlate between each indicator score with the total construct score to determine. To test the hypothesis and cause and effect depiction's using AMOS software using Structure Equation Model (SEM) to see both, the direct and undirect correlation between indicators. The sample was 200 public servant working in government agencies located in Jakarta using online surveys with non-contrived setting in cross sectional survey design. The results indicate transformational leadership has a significant positive influence on employee performance as talent management and intention to stay as a mediator. Government agencies are improving their human capital management strategies, as they realize that it leads to increase in productivity, innovation, improved rates of participation which all contribute to society welfare and economy. This study should be able to stress the importance factors of transformational leadership in implementation of talent management, and how intention to stay effects performance of the employee. Transformational leadership has been around over decades, but there is remains a lack of comprehensive studies regarding the influence of talent management and intention to stay and provide different perspective for governments in implementing talent management strategies.

Keywords: transformational leadership, talent management, intention to stay

Introduction

Employee performance and contribution directly determine the achievement of an organization's goals. Employee performance is outlined in a framework consisting of the activities of a person both individually and in groups that have been agreed upon as a reference within a certain period of time. Research by Zhenzing et al. (2022) proves that a well-formulated framework for analyzing employee performance is a critical part of the company's success in its operations. Employee performance can be assessed by comparing work results with expected expectations (Armstrong & Taylor, 2020).

Therefore, well-formulated employee performance is crucial in determining the direction of an organization's success.

Employees who have extensive knowledge and high abilities will have an impact on performance and work quality, so that they can provide added value to the organization (Laurens, 2019). If not, then employees will experience confusion, chaos, and even demotivation to complete tasks. These failures can directly affect employee performance, and will even worsen the situation if employees do not have access to the right training and education resources to develop and improve their skills. Negatively motivated individuals at work, team and organization can lead to conflict and high employee turnover.

A good organization is able to prepare employees who have expertise and competence. Organizations can develop their human resource needs through talent management. Organization through talent management refers to the process of attracting, developing, and retaining employees who have talent. Talent management is recognized as part of an important strategy that cannot be separated in human resource management (Kaewnaknaew et al., 2022). To make employees in a team that has effective abilities, skills, knowledge, and attitudes, it is very important for organizations to prioritize talent management to be more competitive in competition (Altindağ et al., 2018).

Employee contributions in achieving performance in achieving goals can be influenced by leader behavior both cognitively, emotionally and behaviorally (Weng et al., 2023). This proves that in addition to employee competencies and skills, leadership factors are one of the determinant factors that influence employee contributions to the organization. This is also stated by Anning-Dorson (2021) that leadership has a crucial role in organizations because it creates a foundation for improving employee performance. Transformational leadership is known to have a positive attachment as a mediator with talent development. In addition to providing a foundation for improving employee performance, leadership styles can inspire and motivate employees to achieve maximum potential, or even exceed expectations on employee performance to employee intention to stay (Gyensare et al., 2016).

Leadership can be interpreted as a way in which certain individuals can influence other individuals, in this case their followers to achieve agreed targets (Mazzetti & Schaufeli, 2022). It can be interpreted that leadership style has substantial implications for employee engagement because employee morale and inspiration come from the motivation of organizational leaders. Transformational leadership inspires, motivates and leads employees through a clear vision, individual support and constructive criticism which in turn encourages participation and work engagement. In addition, it is known that transformational leadership has a significant impact on job performance through the role of employee engagement but little research on this relationship has been conducted to increase the intensity of the employee engagement correlation (Khan et al., 2020).

According to the results of a survey conducted by Gallup delivered through the State of Global Workplace 2023 Report, the priority is that organizations must focus on their employees who win the competition because six out of ten employees think about leaving work, but will change their decisions if there are changes in the workplace and providing better leaders or managers, because it will increase the engagement rate to 18%. In addition, Gallup also found that 75% of workers will voluntarily leave their jobs because of their superiors. The results of this survey prove that organizations that

have bad managers have implications for employees' desire to resign. The impact of this phenomenon is significant on employee performance and overall organization success.

Just like profit-oriented organizations, public sectors such as institutions, ministries, commissions and local governments also need to focus their capabilities and the commitment in creating future leaders through the implementation of talent management. As explained in Government Regulation No. 11/2017 on Civil Servant Management, the Merit System is based on qualifications, competencies, and performance in a fair and reasonable manner without distinguishing political background, race, color, religion, origin, gender, marital status, age, or disability conditions. The merit system is the foundation for the implementation of talent management in the state civil apparatus.

The policy regarding talent management is outlined in PANRB Ministerial Regulation Number 3 of 2020 concerning Talent Management of State Civil Apparatus (ASN) has placed 24 institutions as talent management pilot project in 2021. The 2020-2024 National Medium-Term Development Plan (RPJMN) matrix, ASN Talent Management is nationally targeted implemented in 78 ministries/agencies by 2023 as well as 34 provinces and 100 districts/cities by 2024. The bottleneck implementing talent management is due to understanding of to make transformational changes and leaders able to do so.

Organizations must identify gaps in employee performance between what is expected and what actually happens so that it helps leaders to determine what is needed to achieve organizational goals through transformational leadership styles, talent management methods and employee intention to stay. Effective leaders have a significant impact on the success of organizations in their strategies, in addition to motivating, fostering trust with employees, building an organizational culture that encourages employees to work together and find solutions to challenges faced, as well as providing goal direction and increasing a sense of teamwork focus. Regardless of what is expected of leaders, facilitating employee learning and development should be a non-negotiable competency, and how leadership style has an influence in inspiring and motivating employees so as to increase employee intention to stay and have implications for their performance. Based on the information above, the magnitude of the influence of transformational leadership in an organization, this study will see if there is an effect of talent management and intention to stay on employee performance to explore the relationship and reciprocity of the variables presented.

Transformational Leadership

Transformational Leadership is a leadership style that focuses on inspiring and motivating individuals and teams to achieve maximum potential and provide positive change within the scope of the organization (Saad Alessa, 2021). This is supported by research conducted by Bakker, et al. (2023) said that transformational leaders inspire creativity and innovation and increase employee focus and interest in their work by applying a visionary and creative style. Transformational leadership is a way to build positive change in followers by giving trust. Leaders help by connecting with the organization's mission, guiding them to understand their individual strengths and weaknesses, and assigning tasks according to their maximum potential, inspiring them to take on greater challenges and greater responsibilities (Kharabsheh et al., 2017). According to Razak et al. (2018) transformational leadership is the ability to inspire and motivate followers to achieve greater results than previously planned and for internal

rewards. From some of the above theories, it can be concluded that transformational leadership provides influence both cognitively, behaviorally and emotionally to individuals or teams to achieve maximum potential to provide change.

Talent Management

Talent management is a strategic process that encompasses the identification, development, attraction, engagement, retention, and placement of a systematically organized workforce (Gupta, 2019). Talent management actually includes all strategies in human resources related to attracting qualified candidates, recruiting effective new hires, and retaining employees. The concept of talent management is not new, but has been around since the 1990s. Talent management has not been considered as something essential in human resource management, but as a process that needs to be done by government organizations.

The dimensions of talent management include several aspects in terms of attracting, developing and retaining employees. According to Rao (2009) there are six dimensions which include (1) Develop strategy: creating a long-term strategy for attracting, developing, connecting and deploying the workforce. (2) Attract and retain: sourcing, recruiting, and retaining existing skills. (3) Motivate & develop: Verifying that employee capabilities are understood and developed according to business needs, while meeting employee motivation needs. (4) Deploy and manage: Deploy and manage Provides effective resourcing, scheduling, and work management, (5) Connect and enable: Connect and enable Identify individuals with relevant skills, collaborate and share knowledge and work effectively in virtual settings (6) transform & sustain: Achieving measurable and sustainable change within the organization, while maintaining continuity of daily operations. El Dhashan et al. (2018) identified talent management has three key aspects namely (1) attraction, (2) development, and (3) development.

Intention to Stay

Weng et al. (2023) explain intention to stay as an employee's intention to continue working for the same organization. the opposite of intention to stay is intention to leave. this also stated by Shahid (2018) which intention to stay is described as an employee's plan to continue working with their current job with the current company over a long period of time. This is the opposite concept of turnover.

Throughout the last decade, there has been a significant trend change in the academic literature, which has now moved away from studying employee turn-over and instead examining intention to stay with an organization (Holtom et al., 2008). Exploring intention to stay is relatively more positive and beneficial than intention to leave.

According to Ghosh (2013) to measure and determine the key aspects of intention to stay there are three factors, namely: (1) Affective Commitment or how to measure the emotional connection and involvement of employees in the organization, (2) Normative Commitment or how to measure the willingness of employees to continue working in the organization and (3) Goal Clarity or employee perceptions in career & work achievements, as well as the role played in the organization.

Another key aspect in intention to stay is organizational trust and employee motivation as stated by Shahid (2018) where these two factors build a work environment that makes it possible for employees to meet their needs in developing and advancing with their organization.

Previous Studies

Various previous studies have been conducted to explore the relationship between talent management, transformational leadership, employee performance, and employee retention. For instance, research by Smit, Schultz, and Van Hoek (2021) found a positive relationship between talent management and transformational leadership in enhancing work engagement. Similarly, the study by Mantow and Nilasari (2022) indicated that talent management and knowledge management influence employee performance in the information technology field. Furthermore, research by Sobaih et al. (2022) asserted that transformational leadership has a positive impact on organizational commitment and the intention to stay in luxury hotels. Other findings, such as those from Mardanov (2020), revealed that job satisfaction significantly affects job performance and the intention to remain employed, while Luna-Arocas and Danvila-del-Valle (2022) highlighted the relationship between talent management, ethical behavior, and intention to stay in the organization. Moreover, the study by Obedgiu, Lagat, and Sang (2022) showed that transformational leadership moderates the relationship between talent management and employee performance in academic university settings. Lastly, research by Oh and Chhinzer (2021) emphasized the relationship between transformational leadership, turnover decisions, and turnover behavior in the sales industry in South Korea. Thus, a comprehensive understanding of the interaction between talent management, transformational leadership, performance, and employee retention can assist organizations in designing effective strategies to motivate, engage, and retain valuable workforce.

Research Methods

Variables and measurements

This research will use two types of variables commonly used in interval-scale quantitative research, namely independent variables and dependent variables. Each indicator and dimension of each variable will be measured by value.

The variables used in this study are dependent variables, namely employee performance and independent variables consisting of transformational leadership, talent management, and intention to stay. In this study, data measurement was carried out through a questionnaire survey with the aim of measuring the variables mentioned above. All variables are interval scaled with measurements using a 5 (five) point Likert scale.

The validity test aims to assess whether the questionnaire is valid or not. The validity of the questionnaire can be considered fulfilled if the statements in the questionnaire can be measured and successfully reveal the aspects to be measured in the study. The validity testing process is carried out using the SPSS version 22 application, which correlates the indicator item score with the total score. Due to the number of respondents of 180 people, each indicator must have a factor loading of at least 0.35 (Hair et al., 2019). From the results of data processing using the application, it was found that each indicator of each variable was declared valid.

The reliability test is carried out to evaluate the extent to which the measurement results remain consistent when the measurement is repeated. The purpose of the reliability test is to assess the reliability of a measuring instrument, especially a questionnaire. A measuring instrument is said to be reliable if the consistent measurement results are reliable; in other words, repeated use of the measuring

instrument will produce results that are relatively similar to previous measurements. Measurement of the reliability of the scale or questionnaire in this study was carried out using the Cronbach's Alpha method with a minimum value of 0.60. From the results of data processing using the SPSS version 22 application, it was found that each indicator of each variable was declared reliable.

In the results of data processing, it was also found that with various approaches used in testing the goodness of fit index, it can be concluded that this research model is included in the goodness of fit criteria. This is shown from the results that there are still criteria from the GOF test that fall into these criteria, namely the CFI criterion where the calculation results also show the CFI value is greater than the criteria (≥ 0.90), namely 0.901 for CFI, then the AGFI criterion where the value of the provisions is \leq GFI, the calculation results show the value obtained accordingly, namely $0.552 \leq 0.606$. So the model used in this study is good so that it can proceed to the hypothesis testing.

Data testing methods

The Sample Withdrawal Method uses primary data collection techniques obtained directly through questionnaires. The questionnaire was distributed online using online form to the state civil apparatus in Jakarta. The total statements in the questionnaire were 36 items from the 4 variables studied to obtain sufficient information so as to answer the research problems and objectives.

The minimum sample is calculated by multiplying the number of indicators/statements used by 5 (Hair et al., 2019). Thus, the minimum sample size required for the 36 statements in this study is 180 respondents. In this study, the minimum sample size required is 180, so the indicator / statement is considered valid if the correlation value is greater than 0.40.

The Transformational Leadership variable has 7 indicators. All of the 7 indicators have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 7 indicators are declared valid. The Talent Management variable has 12 indicators. Of the 12 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 12 indicators are declared valid. The Intention to Stay variable has 8 indicators. Of the 8 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 8 indicators are declared valid. Cronbach's Alpha of the 8. The Employee Performance variable has 8 indicators. Of the 8 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 8 indicators are declared valid.

Cronbach's Alpha of the transformational leadership indicator has a value of 0.926 where this value is greater than 0.60. Therefore, the 7 indicators of the Transformational Leadership variable are reliable. Meanwhile, Cronbach's Alpha of the talent management indicator has a value of 0.947 where the value is greater than 0.60. Therefore the 12 indicators of the Talent Management variable are reliable. Likewise, the Cronbach's Alpha of the intention to stay indicator has a value of 0.886 where the value is greater than 0.60. Therefore, the 8 indicators of the intention to stay variable are reliable. Cronbach's Alpha of the employee performance indicator also has a value of 0.918 where the value is greater than 0.60. Therefore, the 8 indicators of the employee performance variable are reliable.

Results and Discussion

This study proposed eight research hypotheses and the processing results can be shown in the following table:

Table 1. Direct Effect Hypothesis Test Results

Hypothesis	Estimate (β)	p-value	Decision
H1: There is an influence of transformational leadership on talent management	0.527	0.000	Ho declined Ha accepted
H2: There is an influence of talent management on employee performance	0.409	0.002	Ho declined Ha accepted
H3: There is an influence of transformational leadership on intention to stay	0.283	0.0045	Ho declined Ha accepted
H4: There is an influence of intention to stay on employee performance	0.409	0.000	Ho declined Ha accepted
H5: There is an influence of talent management on intention to stay	0.758	0.000	Ho declined Ha accepted
H6: There is an influence of transformational leadership on employee performance	0.581	0.009	Ho declined Ha accepted

Transformational Leadership Analysis of Talent Management

Transformational Leadership has a coefficient value of 0.527, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Talent Management, which is 0.527 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Talent Management shown in the output results table above, so that it can continue to see the significance test. Based on the results of the test above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that Ho was rejected or Ha was accepted and it can be concluded that statistically there is a significant positive influence between Transformational Leadership on Talent Management.

Talent Management Analysis of Employee Performance

Talent Management has a coefficient value of 0.409, meaning that the higher the perception value of Talent Management, this can increase the perception of Employee Performance by 0.409 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Talent Management has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value

of $0.004/2 = 0.002 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Talent Management on Employee Performance.

Transformational Leadership Analysis of Intention To Stay

Transformational Leadership has a coefficient value of 0.283, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Intention to Stay by 0.283 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Intention to Stay shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.009/2 = 0.0045 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Transformational Leadership and Intention to Stay.

Analysis of Intention To Stay on Employee Performance

Intention to Stay has a coefficient value of 0.409, meaning that the higher the perception value of Intention to Stay, this can increase the perception of Employee Performance by 0.409 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Intention to Stay has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Intention to Stay on Employee Performance.

Talent Management Analysis of Employee Performance

Talent Management has a coefficient value of 0.758, meaning that the higher the perception value of Talent Management, this can increase the perception of Intention to Stay by 0.758 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Talent Management has a positive effect on Intention to Stay shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Talent Management on Intention to Stay.

Transformational Leadership Analysis of Employee Performance

Transformational Leadership has a coefficient value of 0.581, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Employee Performance by 0.581 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.0018/2 = 0.0009 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a

significant positive influence between Transformational Leadership and Employee Performance.

Talent Management Analysis mediates Transformational Leadership towards Employee Performance

Testing hypothesis seven is to test Talent Management mediating the influence of Transformational Leadership on Employee Performance.

Hypothesis Testing

The null hypothesis (Ho7) and alternative hypothesis (Ha7) to be tested are formulated as follows:

Ho7: Talent Management does not mediate the effect of Transformational Leadership on Employee Performance

Ha7: Talent Management mediates the influence of Transformational Leadership on Employee Performance

In hypothesis test seven, the direct influence of Transformational Leadership on Employee Performance is 0.581, while the direct influence of Talent Management on Employee Performance is 0.409. For the direct effect coefficient of Transformational Leadership on Employee Performance (a) is 0.082 and the direct effect coefficient of Talent Management on Employee Performance (b) is 0.178, then using the Calculation for the Sobel Test obtained a statistical test value of $2.185 > 1.96$ then the Ho7 Hypothesis is rejected and the Ha7 Hypothesis is accepted and it can be concluded that statistically there is a significant positive mediating influence between Transformational Leadership and Employee Performance.

Intention to Stay Analysis mediates Transformational Leadership to Employee Performance

Testing hypothesis seven is to test Intention to Stay mediating the effect of Transformational Leadership on Employee Performance.

Hypothesis Testing

The null hypothesis (Ho8) and alternative hypothesis (Ha8) to be tested are formulated as follows:

Ho8: Intention to Stay does not mediate the effect of Transformational Leadership on Employee Performance

Ha8: Intention to Stay mediates the effect of Transformational Leadership on Employee Performance

In hypothesis test eight, the direct influence of Transformational Leadership on Employee Performance is 0.581, while the direct influence of Intention to Stay on Employee Performance is 0.819. For the direct effect coefficient of Transformational Leadership on Employee Performance (a) is 0.082 and the direct effect coefficient of Intention To Stay on Employee Performance (b) is 0.268, then using the Calculation for the Sobel Test obtained a statistical test value of $2.806 > 1.96$ then the Ho8 Hypothesis is rejected and the Ha8 Hypothesis is accepted and it can be concluded that statistically there is an Intention To Stay has a significant positive mediating influence between Transformational Leadership and Employee Performance.

Discussion

Hypothesis 1: There is an influence of Transformational Leadership on Talent Management

Previous research has found that *transformational leadership* styles are positively associated with managers' creative performance. A transformational leader focuses on developing each employee's unique potential to enhance the overall potential of the team and organization. Another study found that leadership behaviors associated with transformational leadership styles were associated with talent retention. Another study recommended that small and medium-sized companies adopt a transformational leadership style to improve talent management. Therefore, it can be concluded that transformational leadership has a positive influence on talent management.

Hypothesis 2: There is an influence of Talent Management on Employee Performance

Talent Management is a process that includes hiring, onboarding, training, upskilling, and promoting employees to ensure that the company has the right talent supply to drive growth and revenue, as well as reduce friction. Performance management, on the other hand, is a specific aspect of talent management that focuses on evaluating, monitoring, and developing employee performance. When implemented strategically, talent management can help improve overall business performance and ensure that the business remains competitive. According to one study, organizations with effective talent management practices have a significant relationship with employee performance. Therefore, it can be concluded that talent management has a positive impact on employee performance.

Hypothesis 3: There is an influence of Transformational Leadership on Intention To Stay

Transformational leadership has a significant influence on employees' desire to persevere. Studies have shown that transformational leaders drive employee performance, which in turn lowers employee engagement intent. The research also found that transformational leadership styles can affect turnover, and the results will greatly help employee perception. In addition, there is a significant correlation between certain leadership behaviors, which are associated with transformational leadership styles, and employee retention. Therefore, it can be concluded that transformational leadership has a positive impact on employees' intention to persevere.

Hypothesis 4: There is an effect of Intention To Stay on Employee Performance

Intention to Stay has a significant influence on Employee Performance. Perceived organizational support has been found to promote a strong intention to stay among employees, which can ultimately affect their performance. Therefore, it can be concluded that there is a significant relationship between the intention to stay and employee performance.

Hypothesis 5: There is an influence of Talent Management on Intention To Stay

There is a significant relationship between talent management and employees' intention to stay. Effective talent management practices can encourage strong intent to persist among employees. Talent management is a process that includes hiring, onboarding, training, upskilling, and promoting employees to ensure that the company has the right talent supply to drive growth and revenue and reduce friction. When implemented strategically, this process can help improve overall business performance and ensure that the business remains competitive. Therefore, it can be concluded that talent management has a positive impact on employees' intention to stay.

Conclusion

Based on the results of research that has been conducted to analyze the influence of talent management and intention to stay as mediation on transformational leadership on employee performance, the following conclusions can be drawn: (1) transformational leadership has a positive influence on employee performance; (2) talent management and intention to stay can moderate the direction of positive relationship between transformational leadership and employee performance; and (3) the importance of building internal organizations by cultivating inspiring leaders to support strong organizations by maintaining continuity through talent management and ensuring the best talent can be recruited, developed and retained.

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INVESTIGATING TALENT MANAGEMENT AND INTENTION TO STAY AS MEDIATING TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE

by Yulianto Saptoprasetyo, Justine Tanuwijaya, Andreas Wahyu Gunawan

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INVESTIGATING TALENT MANAGEMENT AND INTENTION TO STAY AS MEDIATING TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE

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Abstract

A great leadership is imperative for organization wanted to achieve their goals. Transformational leaders will transform and to realize performance outcomes who is able to motivate, inspires and create a commitment with their followers. This study's aims to have better understanding the influence of transformational leadership on employee performance, by investigating the mediating role of talent management and intention to stay. The research uses SPSS.25 to correlate between each indicator score with the total construct score to determine. To test the hypothesis and cause and effect depiction's using AMOS software using Structure Equation Model (SEM) to see both, the direct and indirect correlation between indicators. The sample was 200 public servant working in government agencies located in Jakarta using online surveys with non-contrived setting in cross sectional survey design. The results indicate transformational leadership has a significant positive influence on employee performance as talent management and intention to stay as a mediator. Government agencies are improving their human capital management strategies, as they realize that it leads to increase in productivity, innovation, improved rates of participation which all contribute to society welfare and economy. This study should be able to stress the importance factors of transformational leadership in implementation of talent management, and how intention to stay effects performance of the employee. Transformational leadership has been around over decades, but there is remains a lack of comprehensive studies regarding the influence of talent management and intention to stay and provide different perspective for governments in implementing talent management strategies.

Keywords: transformational leadership, talent management, intention to stay

Introduction

Employee performance and contribution directly determine the achievement of an organization's goals. Employee performance is outlined in a framework consisting of the activities of a person both individually and in groups that have been agreed upon as a reference within a certain period of time. Research by Zhenzing et al. (2022) proves that a well-formulated framework for analyzing employee performance is a critical part of the company's success in its operations. Employee performance can be assessed by comparing work results with expected expectations (Armstrong & Taylor, 2020).

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Therefore, well-formulated employee performance is crucial in determining the direction of an organization's success.

Employees who have extensive knowledge and high abilities will have an impact on performance and work quality, so that they can provide added value to the organization (Laurens, 2019). If not, then employees will experience confusion, chaos, and even demotivation to complete tasks. These failures can directly affect employee performance, and will even worsen the situation if employees do not have access to the right training and education resources to develop and improve their skills. Negatively motivated individuals at work, team and organization can lead to conflict and high employee turnover.

A good organization is able to prepare employees who have expertise and competence. Organizations can develop their human resource needs through talent management. Organization through talent management refers to the process of attracting, developing, and retaining employees who have talent. Talent management is recognized as part of an important strategy that cannot be separated in human resource management (Kaewnaknaew et al., 2022). To make employees in a team that has effective abilities, skills, knowledge, and attitudes, it is very important for organizations to prioritize talent management to be more competitive in competition (Altındağ et al., 2018).

Employee contributions in achieving performance in achieving goals can be influenced by leader behavior both cognitively, emotionally and behaviorally (Weng et al., 2023). This proves that in addition to employee competencies and skills, leadership factors are one of the determinant factors that influence employee contributions to the organization. This is also stated by Anning-Dorson (2021) that leadership has a crucial role in organizations because it creates a foundation for improving employee performance. Transformational leadership is known to have a positive attachment as a mediator with talent development. In addition to providing a foundation for improving employee performance, leadership styles can inspire and motivate employees to achieve maximum potential, or even exceed expectations on employee performance to employee intention to stay (Gyensare et al., 2016).

Leadership can be interpreted as a way in which certain individuals can influence other individuals, in this case their followers to achieve agreed targets (Mazzetti & Schaufeli, 2022). It can be interpreted that leadership style has substantial implications for employee engagement because employee morale and inspiration come from the motivation of organizational leaders. Transformational leadership inspires, motivates and leads employees through a clear vision, individual support and constructive criticism which in turn encourages participation and work engagement. In addition, it is known that transformational leadership has a significant impact on job performance through the role of employee engagement but little research on this relationship has been conducted to increase the intensity of the employee engagement correlation (Khan et al., 2020).

According to the results of a survey conducted by Gallup delivered through the State of Global Workplace 2023 Report, the priority is that organizations must focus on their employees who win the competition because six out of ten employees think about leaving work, but will change their decisions if there are changes in the workplace and providing better leaders or managers, because it will increase the engagement rate to 18%. In addition, Gallup also found that 75% of workers will voluntarily leave their jobs because of their superiors. The results of this survey prove that organizations that

have bad managers have implications for employees' desire to resign. The impact of this phenomenon is significant on employee performance and overall organization success.

Just like profit-oriented organizations, public sectors such as institutions, ministries, commissions and local governments also need to focus their capabilities and the commitment in creating future leaders through the implementation of talent management. As explained in Government Regulation No. 11/2017 on Civil Servant Management, the Merit System is based on qualifications, competencies, and performance in a fair and reasonable manner without distinguishing political background, race, color, religion, origin, gender, marital status, age, or disability conditions. The merit system is the foundation for the implementation of talent management in the state civil apparatus.

The policy regarding talent management is outlined in PANRB Ministerial Regulation Number 3 of 2020 concerning Talent Management of State Civil Apparatus (ASN) has placed 24 institutions as talent management pilot project in 2021. The 2020-2024 National Medium-Term Development Plan (RPJMN) matrix, ASN Talent Management is nationally targeted implemented in 78 ministries/agencies by 2023 as well as 34 provinces and 100 districts/cities by 2024. The bottleneck implementing talent management is due to understanding of to make transformational changes and leaders able to do so.

Organizations must identify gaps in employee performance between what is expected and what actually happens so that it helps leaders to determine what is needed to achieve organizational goals through transformational leadership styles, talent management methods and employee intention to stay. Effective leaders have a significant impact on the success of organizations in their strategies, in addition to motivating, fostering trust with employees, building an organizational culture that encourages employees to work together and find solutions to challenges faced, as well as providing goal direction and increasing a sense of teamwork focus. Regardless of what is expected of leaders, facilitating employee learning and development should be a non-negotiable competency, and how leadership style has an influence in inspiring and motivating employees so as to increase employee intention to stay and have implications for their performance. Based on the information above, the magnitude of the influence of transformational leadership in an organization, this study will see if there is an effect of talent management and intention to stay on employee performance to explore the relationship and reciprocity of the variables presented.

Transformational Leadership

Transformational Leadership is a leadership style that focuses on inspiring and motivating individuals and teams to achieve maximum potential and provide positive change within the scope of the organization (Saad Alessa, 2021). This is supported by research conducted by Bakker, et al. (2023) said that transformational leaders inspire creativity and innovation and increase employee focus and interest in their work by applying a visionary and creative style. Transformational leadership is a way to build positive change in followers by giving trust. Leaders help by connecting with the organization's mission, guiding them to understand their individual strengths and weaknesses, and assigning tasks according to their maximum potential, inspiring them to take on greater challenges and greater responsibilities (Kharabsheh et al., 2017). According to Razak et al. (2018) transformational leadership is the ability to inspire and motivate followers to achieve greater results than previously planned and for internal

rewards. From some of the above theories, it can be concluded that transformational leadership provides influence both cognitively, behaviorally and emotionally to individuals or teams to achieve maximum potential to provide change.

Talent Management

Talent management is a strategic process that encompasses the identification, development, attraction, engagement, retention, and placement of a systematically organized workforce (Gupta, 2019). Talent management actually includes all strategies in human resources related to attracting qualified candidates, recruiting effective new hires, and retaining employees. The concept of talent management is not new, but has been around since the 1990s. Talent management has not been considered as something essential in human resource management, but as a process that needs to be done by government organizations.

The dimensions of talent management include several aspects in terms of attracting, developing and retaining employees. According to Rao (2009) there are six dimensions which include (1) Develop strategy: creating a long-term strategy for attracting, developing, connecting and deploying the workforce. (2) Attract and retain: sourcing, recruiting, and retaining existing skills. (3) Motivate & develop: Verifying that employee capabilities are understood and developed according to business needs, while meeting employee motivation needs. (4) Deploy and manage: Deploy and manage Provides effective resourcing, scheduling, and work management, (5) Connect and enable: Connect and enable Identify individuals with relevant skills, collaborate and share knowledge and work effectively in virtual settings (6) transform & sustain: Achieving measurable and sustainable change within the organization, while maintaining continuity of daily operations. El Dhashan et al. (2018) identified talent management has three key aspects namely (1) attraction, (2) development, and (3) development.

Intention to Stay

Weng et al. (2023) explain intention to stay as an employee's intention to continue working for the same organization. the opposite of intention to stay is intention to leave. this also stated by Shahid (2018) which intention to stay is described as an employee's plan to continue working with their current job with the current company over a long period of time. This is the opposite concept of turnover.

Throughout the last decade, there has been a significant trend change in the academic literature, which has now moved away from studying employee turn-over and instead examining intention to stay with an organization (Holtom et al., 2008). Exploring intention to stay is relatively more positive and beneficial than intention to leave.

According to Ghosh (2013) to measure and determine the key aspects of intention to stay there are three factors, namely: (1) Affective Commitment or how to measure the emotional connection and involvement of employees in the organization, (2) Normative Commitment or how to measure the willingness of employees to continue working in the organization and (3) Goal Clarity or employee perceptions in career & work achievements, as well as the role played in the organization.

Another key aspect in intention to stay is organizational trust and employee motivation as stated by Shahid (2018) where these two factors build a work environment that makes it possible for employees to meet their needs in developing and advancing with their organization.

Previous Studies

Various previous studies have been conducted to explore the relationship between talent management, transformational leadership, employee performance, and employee retention. For instance, research by Smit, Schultz, and Van Hoek (2021) found a positive relationship between talent management and transformational leadership in enhancing work engagement. Similarly, the study by Mantow and Nilasari (2022) indicated that talent management and knowledge management influence employee performance in the information technology field. Furthermore, research by Sobaih et al. (2022) asserted that transformational leadership has a positive impact on organizational commitment and the intention to stay in luxury hotels. Other findings, such as those from Mardanov (2020), revealed that job satisfaction significantly affects job performance and the intention to remain employed, while Luna-Arocas and Danvila-del-Valle (2022) highlighted the relationship between talent management, ethical behavior, and intention to stay in the organization. Moreover, the study by Obedgiu, Lagat, and Sang (2022) showed that transformational leadership moderates the relationship between talent management and employee performance in academic university settings. Lastly, research by Oh and Chhinzer (2021) emphasized the relationship between transformational leadership, turnover decisions, and turnover behavior in the sales industry in South Korea. Thus, a comprehensive understanding of the interaction between talent management, transformational leadership, performance, and employee retention can assist organizations in designing effective strategies to motivate, engage, and retain valuable workforce.

Research Methods

Variables and measurements

This research will use two types of variables commonly used in interval-scale quantitative research, namely independent variables and dependent variables. Each indicator and dimension of each variable will be measured by value.

The variables used in this study are dependent variables, namely employee performance and independent variables consisting of transformational leadership, talent management, and intention to stay. In this study, data measurement was carried out through a questionnaire survey with the aim of measuring the variables mentioned above. All variables are interval scaled with measurements using a 5 (five) point Likert scale.

The validity test aims to assess whether the questionnaire is valid or not. The validity of the questionnaire can be considered fulfilled if the statements in the questionnaire can be measured and successfully reveal the aspects to be measured in the study. The validity testing process is carried out using the SPSS version 22 application, which correlates the indicator item score with the total score. Due to the number of respondents of 180 people, each indicator must have a factor loading of at least 0.35 (Hair et al., 2019). From the results of data processing using the application, it was found that each indicator of each variable was declared valid.

The reliability test is carried out to evaluate the extent to which the measurement results remain consistent when the measurement is repeated. The purpose of the reliability test is to assess the reliability of a measuring instrument, especially a questionnaire. A measuring instrument is said to be reliable if the consistent measurement results are reliable; in other words, repeated use of the measuring

instrument will produce results that are relatively similar to previous measurements. Measurement of the reliability of the scale or questionnaire in this study was carried out using the Cronbach's Alpha method with a minimum value of 0.60. From the results of data processing using the SPSS version 22 application, it was found that each indicator of each variable was declared reliable.

In the results of data processing, it was also found that with various approaches used in testing the goodness of fit index, it can be concluded that this research model is included in the goodness of fit criteria. This is shown from the results that there are still criteria from the GOF test that fall into these criteria, namely the CFI criterion where the calculation results also show the CFI value is greater than the criteria (≥ 0.90), namely 0.901 for CFI, then the AGFI criterion where the value of the provisions is \leq GFI, the calculation results show the value obtained accordingly, namely $0.552 \leq 0.606$. So the model used in this study is good so that it can proceed to the hypothesis testing.

Data testing methods

The Sample Withdrawal Method uses primary data collection techniques obtained directly through questionnaires. The questionnaire was distributed online using online form to the state civil apparatus in Jakarta. The total statements in the questionnaire were 36 items from the 4 variables studied to obtain sufficient information so as to answer the research problems and objectives.

The minimum sample is calculated by multiplying the number of indicators/statements used by 5 (Hair et al., 2019). Thus, the minimum sample size required for the 36 statements in this study is 180 respondents. In this study, the minimum sample size required is 180, so the indicator / statement is considered valid if the correlation value is greater than 0.40.

The Transformational Leadership variable has 7 indicators. All of the 7 indicators have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 7 indicators are declared valid. The Talent Management variable has 12 indicators. Of the 12 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 12 indicators are declared valid. The Intention to Stay variable has 8 indicators. Of the 8 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 8 indicators are declared valid. Cronbach's Alpha of the 8. The Employee Performance variable has 8 indicators. Of the 8 indicators, all have factor loadings values greater than 0.40 (Hair's Factor Loadings for 200 respondents). Thus, the 8 indicators are declared valid.

Cronbach's Alpha of the transformational leadership indicator has a value of 0.926 where this value is greater than 0.60. Therefore, the 7 indicators of the Transformational Leadership variable are reliable. Meanwhile, Cronbach's Alpha of the talent management indicator has a value of 0.947 where the value is greater than 0.60. Therefore the 12 indicators of the Talent Management variable are reliable. Likewise, the Cronbach's Alpha of the intention to stay indicator has a value of 0.886 where the value is greater than 0.60. Therefore, the 8 indicators of the intention to stay variable are reliable. Cronbach's Alpha of the employee performance indicator also has a value of 0.918 where the value is greater than 0.60. Therefore, the 8 indicators of the employee performance variable are reliable.

Results and Discussion

This study proposed eight research hypotheses and the processing results can be shown in the following table:

Table 1. Direct Effect Hypothesis Test Results

Hypothesis	Estimate (β)	p-value	Decision
H1: There is an influence of transformational leadership on talent management	0.527	0.000	Ho declined Ha accepted
H2: There is an influence of talent management on employee performance	0.409	0.002	Ho declined Ha accepted
H3: There is an influence of transformational leadership on intention to stay	0.283	0.0045	Ho declined Ha accepted
H4: There is an influence of intention to stay on employee performance	0.409	0.000	Ho declined Ha accepted
H5: There is an influence of talent management on intention to stay	0.758	0.000	Ho declined Ha accepted
H6: There is an influence of transformational leadership on employee performance	0.581	0.009	Ho declined Ha accepted

Transformational Leadership Analysis of Talent Management

Transformational Leadership has a coefficient value of 0.527, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Talent Management, which is 0.527 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Talent Management shown in the output results table above, so that it can continue to see the significance test. Based on the results of the test above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that Ho was rejected or Ha was accepted and it can be concluded that statistically there is a significant positive influence between Transformational Leadership on Talent Management.

Talent Management Analysis of Employee Performance

Talent Management has a coefficient value of 0.409, meaning that the higher the perception value of Talent Management, this can increase the perception of Employee Performance by 0.409 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Talent Management has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value

of $0.004/2 = 0.002 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Talent Management on Employee Performance.

Transformational Leadership Analysis of Intention To Stay

Transformational Leadership has a coefficient value of 0.283, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Intention to Stay by 0.283 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Intention to Stay shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.009/2 = 0.0045 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Transformational Leadership and Intention to Stay.

Analysis of Intention To Stay on Employee Performance

Intention to Stay has a coefficient value of 0.409, meaning that the higher the perception value of Intention to Stay, this can increase the perception of Employee Performance by 0.409 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Intention to Stay has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Intention to Stay on Employee Performance.

Talent Management Analysis of Employee Performance

Talent Management has a coefficient value of 0.758, meaning that the higher the perception value of Talent Management, this can increase the perception of Intention to Stay by 0.758 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Talent Management has a positive effect on Intention to Stay shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.000/2 = 0.000 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive influence between Talent Management on Intention to Stay.

Transformational Leadership Analysis of Employee Performance

Transformational Leadership has a coefficient value of 0.581, meaning that the higher the perception value of Transformational Leadership, this can increase the perception of Employee Performance by 0.581 units. The results of statistical testing show a beta sign in accordance with the hypothesis proposed, where Transformational Leadership has a positive effect on Employee Performance shown in the output results table above, so that it can continue to see the significance test. Based on the test results above, a significant value of $0.0018/2 = 0.0009 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a

significant positive influence between Transformational Leadership and Employee Performance.

Talent Management Analysis mediates Transformational Leadership towards Employee Performance

Testing hypothesis seven is to test Talent Management mediating the influence of Transformational Leadership on Employee Performance.

Hypothesis Testing

The null hypothesis (Ho7) and alternative hypothesis (Ha7) to be tested are formulated as follows:

Ho7: Talent Management does not mediate the effect of Transformational Leadership on Employee Performance

Ha7: Talent Management mediates the influence of Transformational Leadership on Employee Performance

In hypothesis test seven, the direct influence of Transformational Leadership on Employee Performance is 0.581, while the direct influence of Talent Management on Employee Performance is 0.409. For the direct effect coefficient of Transformational Leadership on Employee Performance (a) is 0.082 and the direct effect coefficient of Talent Management on Employee Performance (b) is 0.178, then using the Calculation for the Sobel Test obtained a statistical test value of $2.185 > 1.96$ then the Ho7 Hypothesis is rejected and the Ha7 Hypothesis is accepted and it can be concluded that statistically there is a significant positive mediating influence between Transformational Leadership and Employee Performance.

Intention to Stay Analysis mediates Transformational Leadership to Employee Performance

Testing hypothesis seven is to test Intention to Stay mediating the effect of Transformational Leadership on Employee Performance.

Hypothesis Testing

The null hypothesis (Ho8) and alternative hypothesis (Ha8) to be tested are formulated as follows:

Ho8: Intention to Stay does not mediate the effect of Transformational Leadership on Employee Performance

Ha8: Intention to Stay mediates the effect of Transformational Leadership on Employee Performance

In hypothesis test eight, the direct influence of Transformational Leadership on Employee Performance is 0.581, while the direct influence of Intention to Stay on Employee Performance is 0.819. For the direct effect coefficient of Transformational Leadership on Employee Performance (a) is 0.082 and the direct effect coefficient of Intention To Stay on Employee Performance (b) is 0.268, then using the Calculation for the Sobel Test obtained a statistical test value of $2.806 > 1.96$ then the Ho8 Hypothesis is rejected and the Ha8 Hypothesis is accepted and it can be concluded that statistically there is an Intention To Stay has a significant positive mediating influence between Transformational Leadership and Employee Performance.

Discussion

Hypothesis 1: There is an influence of Transformational Leadership on Talent Management

Previous research has found that *transformational leadership* styles are positively associated with managers' creative performance. A transformational leader focuses on developing each employee's unique potential to enhance the overall potential of the team and organization. Another study found that leadership behaviors associated with transformational leadership styles were associated with talent retention. Another study recommended that small and medium-sized companies adopt a transformational leadership style to improve talent management. Therefore, it can be concluded that transformational leadership has a positive influence on talent management.

Hypothesis 2: There is an influence of Talent Management on Employee Performance

Talent Management is a process that includes hiring, onboarding, training, upskilling, and promoting employees to ensure that the company has the right talent supply to drive growth and revenue, as well as reduce friction. Performance management, on the other hand, is a specific aspect of talent management that focuses on evaluating, monitoring, and developing employee performance. When implemented strategically, talent management can help improve overall business performance and ensure that the business remains competitive. According to one study, organizations with effective talent management practices have a significant relationship with employee performance. Therefore, it can be concluded that talent management has a positive impact on employee performance.

Hypothesis 3: There is an influence of Transformational Leadership on Intention To Stay

Transformational leadership has a significant influence on employees' desire to persevere. Studies have shown that transformational leaders drive employee performance, which in turn lowers employee engagement intent. The research also found that transformational leadership styles can affect turnover, and the results will greatly help employee perception. In addition, there is a significant correlation between certain leadership behaviors, which are associated with transformational leadership styles, and employee retention. Therefore, it can be concluded that transformational leadership has a positive impact on employees' intention to persevere.

Hypothesis 4: There is an effect of Intention To Stay on Employee Performance

Intention to Stay has a significant influence on Employee Performance. Perceived organizational support has been found to promote a strong intention to stay among employees, which can ultimately affect their performance. Therefore, it can be concluded that there is a significant relationship between the intention to stay and employee performance.

Hypothesis 5: There is an influence of Talent Management on Intention To Stay

There is a significant relationship between talent management and employees' intention to stay. Effective talent management practices can encourage strong intent to persist among employees. Talent management is a process that includes hiring, onboarding, training, upskilling, and promoting employees to ensure that the company has the right talent supply to drive growth and revenue and reduce friction. When implemented strategically, this process can help improve overall business performance and ensure that the business remains competitive. Therefore, it can be concluded that talent management has a positive impact on employees' intention to stay.

Conclusion

Based on the results of research that has been conducted to analyze the influence of talent management and intention to stay as mediation on transformational leadership on employee performance, the following conclusions can be drawn: (1) transformational leadership has a positive influence on employee performance; (2) talent management and intention to stay can moderate the direction of positive relationship between transformational leadership and employee performance; and (3) the importance of building internal organizations by cultivating inspiring leaders to support strong organizations by maintaining continuity through talent management and ensuring the best talent can be recruited, developed and retained.

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