



# The Mediating Role of Employee Engagement in the Influence of Career Path Development and Talent Management Practices on Employee Intention to Stay among Generation Z Employees



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## Abstract

This study aims to examine the role of employee engagement mediation in the influence of career path development and talent management practices on employee intention to stay among Generation Z employees at PT BSH. The main theoretical foundation used is Social Exchange Theory (SET), which emphasizes the importance of the mutual relationship between the organization and employees. This study uses a quantitative approach. The population in this study is all Generation Z employees who work at PT BSH, with a total sample of 195 respondents selected through purposive sampling techniques. Data collection was carried out using a structured questionnaire distributed online. The data analysis tool used is Partial Least Squares Structural Equation Modeling (PLS-SEM), which is processed with the help of SmartPLS 4.0 software. The results of the analysis show that career path development and talent management practices have a positive and significant effect on employee intention to stay, both directly and through employee engagement mediation. Employee engagement has been proven to have a significant role as a complementary partial mediation variable in this model. The practical implications of these findings suggest that clear career path development and effective talent management practices can increase employee engagement, ultimately driving employee intent to stay in the organization. Therefore, company management is advised to prioritize career development strategies and ongoing talent management programs as part of employee retention policies, especially to face the challenges of managing Generation Z in the workplace.

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## 1 Introduction

The tourism sector holds significant economic importance for Bali and has a profound impact on the lives of its people. Law. No. 10 of 2009 concerning tourism, specifically Article 1, paragraph (3), states that tourism comprises various activities, underpinned by a network of facilities and services delivered by the public, private enterprises, and governmental bodies at both central and local levels. The tourism industry is shaping Generation Z as the youngest workforce group to emerge as a vital force (Indrayani et al., 2024).

Generation Z, or hereinafter referred to as Gen Z, is a group of individuals born from 1997 to 2012 (Ghazaly et al., 2024). Gen Z is considered to be able to bring change to the company because they are considered more flexible with the changes that occur around them (Rasyid, 2024). Gen Z, as both customers and employees, has unique preferences that influence standards and practices in the tourism industry (Seyfi et al., 2024). Generation Z has unique characteristics in the world of work that affect intention to stay, career path development, talent management, and employee engagement (Kwon & Kim, 2020; Marrybeth et al., 2019).

Gen Z's well-being in the workplace plays a significant role in increasing Gen Z's intention to stay in the organization (Rahmawati & Putri, 2023). Additionally, career development that matches their values and interests is an important factor, as Gen Z tends to look for jobs that provide meaning and opportunities for growth (Singh & Dangmei, 2021). Talent management practices have significant potential in improving the development of Gen Z employees, which in turn can improve employee retention (Goh & Lee, 2018). Gen Z also has the characteristic of appreciating a positive work environment, which can increase their engagement in work (Singh & Dangmei, 2021). The high likelihood of Gen Z employees leaving the company requires companies to pay attention to employees' intention to stay.

Employee intention to stay is a concept that describes the desire of employees to remain employed by the company for a long period of time (Wildan, 2024). Employee intention to stay can be defined as the tendency or intention of employees to continue working in their jobs voluntarily according to their own choice (Surantoro & Solichin, 2020). The benefits of employee intention to stay are to help companies retain experienced employees, reduce recruitment costs, and increase productivity and organizational stability. However, if the employee's intention to stay in the company is low, it will cause many problems for employees in the company (Tatoglu et al., 2016).

The problems that are currently occurring at PT BSH are identified based on the results of direct observation, namely, low employee intention to stay, which is characterized by a high percentage of employee turnover. This is a concern for the management of PT BSH because, for three consecutive quarters, the employee *turnover* rate is quite high, which indicates a *low employee* intention to stay at PT BSH, so it is necessary to conduct further investigation into the cause of the low intention to stay. Based on observations made at PT BSH, the following is data on employees leaving for four consecutive three-period periods.

Table 1  
Employee Data Out at PT BSH in 2024

Period	Status	Number of employees out (people)	Percentage
1 <sup>st</sup> Quarter	January	13	3,94%
	February	16	
	March	14	
2 <sup>nd</sup> Quarter	April	12	3,38%
	May	16	
	June	9	
3 <sup>rd</sup> Quarter	July	17	4,21%
	August	15	
	September	14	
4 <sup>th</sup> Quarter	October	10	2,93%
	November	8	
	December	14	
Total		158	14,46%

Source: PT BSH, 2024

Table 1 shows the number of employees leaving PT BSH for four consecutive quarters in 2024. Data in Table 1. It shows that in four consecutive quarters, the number of employees who left the company was 158 people, or equal to 14.46 percent of the total number of employees, which is 1092 people. The percentage of employees leaving is said to be high if it exceeds 10 percent (Mobley *et al.*, 1977). PT BSH has a percentage of employees leaving as much as 14.46% for four consecutive quarters of 2024. The high percentage of employees leaving PT BSH indicates a problem with low employee intention to stay at PT BSH.

Another issue related to employee intention to stay at PT BSH is identified through organizational tenure or employee tenure in the company. The following is data on the working period and generation categories of employees who left PT BSH for four consecutive quarters.

Table 2  
Working Period and Category of Employee Generation Leaving PT BSH in 2024

No	Generation	Tenure	Number of Outgoing Employees (people)	Percentage
1	Z (1997-2012)	< 1 year	96	8,79%
		1-2 years	11	1,01%
		>2 years	0	0
2	Y (1981-1996)	< 1 year	28	2,56%
		1-2 years	10	0,91%
		>2 years	3	0,27%
3	X (1965–1980)	< 1 year	4	0,37%
		1-2 years	6	0,55%
		>2 years	0	0
Total			158	14,46%

Source: PT BSH, 2024

Table 2. shows that from the total number of 1092 employees, it can be seen that the employees who left PT BSH were generation X, Y, and Z. Employees from generation X who left PT BSH with a working period of 1-2 years were 6 people with a percentage of 0.55 percent and a working period of less than one year as many as 4 people or equal to 0.37 percent. Employees from generation Y who left PT BSH with a working period of more than two years were three people with a percentage of 0.27 percent; 10 employees leave with a working period of 1-2 years with a percentage of 0.91 percent; and employees who left with a working period of less than one year as many as 28 people with a percentage of 2.56 percent. Employees from Generation Z who leave PT BSH have a working period of 1-2 years, with as many as 11 people, at a percentage of 1.01 percent. Employees who leave PT BSH are dominated by Generation Z, with a working period of less than one year, as many as 96 people, with a percentage of 8.79 percent. Based on this data, it can be seen that employees who leave PT BSH are dominated by Generation Z, with a working period of less than one year. This indicates a problem related to *low employee intention to stay* at PT BSH.

If this problem continues to occur, it will have a negative impact on the company, such as increasing recruitment and training costs, decreased company productivity, decreased customer satisfaction, and loss of knowledge and experience of employees who leave the company (Laoli *et al.*, 2024; Olivia *et al.*, 2024). A solution to the problem of *low employee intention to stay* at PT BSH is very necessary, one of which is by identifying factors that affect *employee intention to stay* based on the social exchange theory.

Social Exchange Theory is a theory that talks about exchange relationships in an organization based on the idea that human relationships in the company are formed through appreciation, so that the more often employee behavior is appreciated, the more likely employees are to repeat it (Hai & Rabenu, 2018). Social Exchange Theory (SET) provides a strong framework to understand this research model, where employee engagement acts as a mediating variable between career path development and talent management practices on employee intention to stay. The relationship between employees and the organization in the context of Social Exchange Theory is seen as a relationship of mutual exchange, where employees expect rewards commensurate with the contribution they make. Effective career path development and talent management practices can increase employees' perception of the value they receive, thus encouraging higher engagement.

Research that highlights the role of employee engagement in mediating the influence of career path development on employee intention to stay, as well as literature that discusses the role of employee engagement in mediating the

influence of talent management practices on employee intention to stay It is still minimal until now. Based on the description of the background, phenomena, and empirical studies that have been conducted, it is necessary to conduct research that will discuss "The Role of Employee Engagement in Mediating the Influence of Career Path Development and Talent Management Practices on Employee Intention to Stay".

The purpose of this study is to analyze the role of employee engagement, mediating influence career path development and talent management practices against employee intention to stay, as well as providing a deeper understanding of how career path development and talent management practices can improve employee engagement, which ultimately increases employee intention to stay. This research is expected to can provide benefits for the company concerned in carrying out its activities, both operational and non-operational, as additional material for evaluation for the company in analyzing and reducing the percentage of employees leaving the company, and can be an additional science and reference for other researchers who plan to conduct further research in the same scope in the future.

This research is based on a literature review and empirical studies from previous research. The hypothesis proposed in this study is supported by previous research, which is described as follows.

#### *Social Exchange Theory*

Social Exchange Theory is a theory that talks about the exchange relationship in an organization with the premise that human relationships in the company are formed through appreciation, so that the more often employee behavior is appreciated, the more likely employees are to repeat it (Hai & Rabenu, 2018). The theory of social exchange is believed to be an economic transactional relationship, especially in two-way interactions involving individuals and groups, as well as groups with groups (Muttaqien, 2023).

#### *Employee Intention to Stay*

Employee intention to stay is a concept that describes the desire of employees to stay employed in the company for a long period of time (Wildan, 2024). Employee intention to stay can be defined as the tendency or intention of an employee to remain employed in his or her job voluntarily according to his or her own choice (Surantoro & Solichin, 2020).

#### *Career Path Development*

Career path development is a continuous process or series of activities in the context of career advancement that involves training new skills, promotion to a higher level of responsibility, and transitioning to a different scope of work (Mahadi et al., 2020).

#### *Talent Management Practices*

According to Purwanto et al. (2020), talent management is a structured and intentional method for handling human resources. Its goal is to ensure that talented individuals consistently perform and remain productive for their organization.

#### *Employee Engagement*

Employee engagement is a positive condition, attitude, or behavior of an employee towards their work and their organization, which is characterized by feelings of enthusiasm, dedication, and commitment to achieving the goals and success of the organization (Setiawan & Prasajo, 2021).

#### *The Effect of Career Path Development on Employee Intention to Stay*

Career path development has a positive and significant effect on *employee intention to stay*. This statement is supported by research conducted by Wiratanoeningrat & Nugroho (2021), which explains that career path development has a positive and significant effect on employee intention to stay. The research hypotheses that can be proposed in this study are as follows.

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Dewi, N. P. A., & Rahyuda, A. G. (2025). *The mediating role of employee engagement in the influence of career path development and talent management practices on employee intention to stay among generation Z employees*. *International Research Journal of Management, IT and Social Sciences*, 12(4), 200–216. <https://doi.org/10.21744/irjmis.v12n4.2533>

H1: Career path development has a positive and significant effect on employee intention to stay.

*The Influence of Talent management practices on Employee intention to stay*

Talent management practices have a positive and significant effect on employee intention to stay. This statement is supported by research conducted by [Luna & Danvila \(2024\)](#); [Wang et al. \(2024\)](#); and [Siahaan \(2024\)](#) which states that *talent management practices* have a positive and significant effect on *employee intention to stay*. The research hypotheses that can be proposed in this study are as follows.

H2: Talent management practices have a positive and significant effect on employee intention to stay.

*The Influence of Employee Engagement on Employee intention to stay*

Employee engagement has a positive and significant effect on employee intention to stay. This statement is supported by the research of [Weng et al. \(2023\)](#), which states that *engagement* has a positive and significant effect on employee intention to stay. The research hypotheses that can be proposed in this study are as follows.

H3: Employee engagement has a positive and significant effect on employee intention to stay.

*The Influence of Career Path Development on Employee Engagement*

Career path development has a positive and significant effect on employee engagement. [Ramli et al. \(2022\)](#) explained the results of research that career path development has a positive effect on employee engagement. The same research results were presented by [Veriyanti & Nurhayati \(2022\)](#); [Muchibi et al. \(2022\)](#); [Mustaqim & Sari \(2022\)](#); [Bawono & Lo \(2020\)](#); [Tiong et al. \(2023\)](#); [Syafrin et al. \(2023\)](#); and [Tentama & Ermawati \(2021\)](#), who stated that career path development has a positive and significant effect on employee engagement. The research hypotheses that can be proposed in this study are as follows.

H4: Career path development has a positive and significant effect on employee engagement.

*The Influence of Talent Management Practices on Employee Engagement*

Talent management practices have a positive and significant effect on employee engagement. This statement is supported by research conducted by [Nuhun et al. \(2023\)](#), with the results that talent management practices have a positive and significant effect on employee engagement. The research hypotheses that can be proposed in this study are as follows.

H5: Talent management practices have a positive and significant effect on employee engagement.

*Employee Engagement Mediates the Influence of Career path development on Employee intention to stay*

Existing literature consistently indicates that career path development positively and significantly influences employees' intention to stay ([Wiratanoeningrat & Nugroho, 2021](#)). Similarly, employee engagement also demonstrates a positive and significant impact on retention ([Weng et al., 2023](#)). Furthermore, research by [Syafrin et al. \(2023\)](#), [Tentama & Ermawati \(2021\)](#), and [Kuncoro et al. \(2024\)](#) suggests that career path development positively affects employee engagement. This is complemented by findings from [Nuhun et al. \(2023\)](#), who established a positive and significant effect of talent management practices on employee engagement. Based on these insights, the following research hypotheses can be proposed:

H6: Employee engagement mediates the influence of career path development on employee intention to stay through complementary partial mediation.

*Employee Engagement Mediates the Influence of Talent management practices on Employee intention to stay*

Talent management practices have a positive and significant effect on employee intention to stay. This statement is supported by research conducted by [Luna & Danvila \(2024\)](#) which states that talent management practices have a positive and significant effect on employee intention to stay. The same research was supported by [Wang et al. \(2024\)](#) and [Siahaan \(2024\)](#), who stated that talent management practices have a positive and significant effect on employee intention to stay. Employee engagement has a positive and significant effect on employee intention to stay. This statement is supported by the research of [Weng et al. \(2023\)](#), which states that engagement has a positive and significant effect on employee intention to stay. Talent management practices have a positive and significant effect on employee engagement. This statement is supported by research conducted by [Nuhun et al. \(2023\)](#) with the results that talent

management practices have a positive and significant effect on employee engagement. The research hypotheses that can be proposed in this study are as follows.

H7: Employee engagement mediates the influence of talent management practices on employee intention to stay through complementary partial mediation.

The conceptual model can explain the relationship between the variables to be studied as follows.

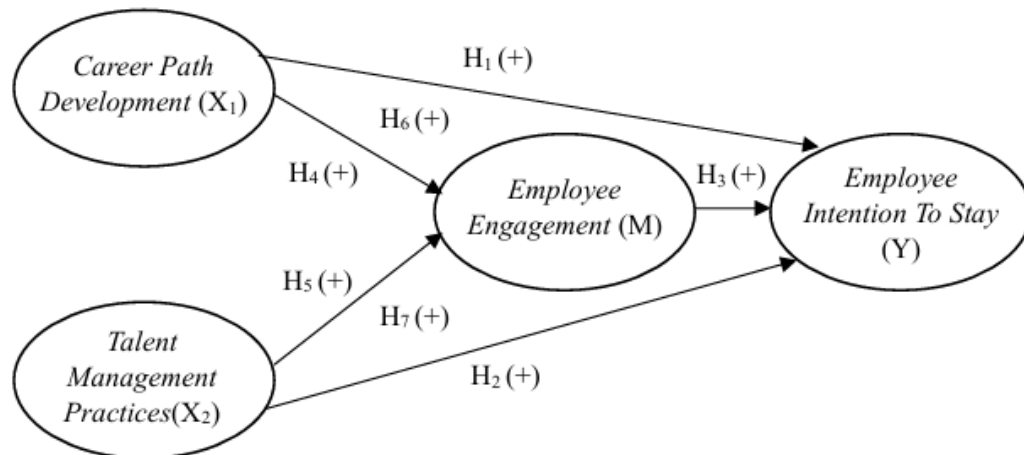


Figure 1. Conceptual Framework

## 2 Materials and Methods

This study uses a quantitative approach because the data that will be used to analyze the relationship between variables in this study is expressed on a numerical scale or numbers. This research includes observation, processing of research data results, and reconfirming to the company the results obtained in the research. The research was conducted on PT BSH which is a service provider company in the field of villa management in Bali.

The scope of this research includes social exchange theory and the subject of the research, namely employees who work at PT BSH, excluding directors at the level of directors, heads of departments, owner relations, and villa managers. The research was limited only to the identified variables, namely endogenous variables (employee intention to stay), exogenous variables (career path development and talent management practices), and mediation variables (employee engagement).

The characteristics of the population used in this study are that respondents are employees of PT BSH who are classified as generation Z (employees born from 1977 - 2012); respondents are employees who have worked for at least one year at PT BSH; respondents are contract employees (not part time, daily worker, and training) at PT BSH; The respondent is not a company leader equivalent to a director, manager, head of department, and owner relations. Based on the characteristics of this population, the research population in terms of determination was 381 employees.

The size of the sample in this study was determined using the Slovin Formula with an error rate of 5% and a confidence level of 95%. Based on the Slovin Formula, the number of samples obtained was 195,134 which was then rounded to 195 respondents because the sample could not be in the form of fractions. The sampling technique or sample determination technique used in this study uses probability sampling, with a simple random sampling technique.

Table 3

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## Variables and Measurements

Variables	Indicator Code	Measurements	References
Employee Intention to Stay	Y <sub>1.1</sub>	The employee never intends or thinks of quitting his or her current job.	Siaahan (2014)
	Y <sub>1.2</sub>	Employees never think about actively looking for another company to work for in the following years.	
	Y <sub>1.3</sub>	If an employee gets the same job with the same income conditions in another company, the permanent employee will not leave the company.	
	Y <sub>1.4</sub>	Employees feel at a loss if they quit their current job.	
Career Path Development	X <sub>1.1</sub>	Education and training	Fauzi et al. (2022)
	X <sub>1.2</sub>	Promotion	
	X <sub>1.3</sub>	Mutation	
Talent Management Practices	X <sub>2.1</sub>	Management Commitment	Gupta (2019)
	X <sub>2.2</sub>	Talent Review Process	
	X <sub>2.3</sub>	Workforce Planning	
	X <sub>2.4</sub>	Staffing	
	X <sub>2.5</sub>	Talent Acquisition	
	X <sub>2.6</sub>	Talent Development	
	X <sub>2.7</sub>	Performance Management	
	X <sub>2.8</sub>	Talent Retention Strategies	
Employee Engagement	M <sub>1.1</sub>	Response to work	Govender & Paramasar (2010)
	M <sub>1.2</sub>	Engaging behavior at work	
	M <sub>1.3</sub>	A sense of responsibility for the work	
	M <sub>1.4</sub>	Feelings about unfinished work	

Source: Journal Review, 2025

### 3 Results and Discussions

The grouping of respondents when viewed from gender shows that male respondents dominated as many as 157 people with a percentage of 80.51 percent, compared to female respondents, as many as 38 people with a percentage of 19.49 percent. The grouping of respondents based on age was dominated by 142 respondents aged 23-25 years with a percentage of 72.82 percent, compared to 20-22 years old with a percentage of 13.85 percent, and 26-28 years old with a percentage of 13.33 percent. The grouping of respondents based on their last education was dominated by 89 respondents with their last diploma, with a percentage of 45.64 percent. The second place is the respondents with the last undergraduate education as many as 80 people, at a percentage of 41.03 percent. Respondents with the last education of high school/vocational/equivalent were 23 people, with a percentage of 11.79 percent. Respondents with the last postgraduate education were 3 people, with a percentage of 1.54 percent. The grouping of respondents based on the period of service was dominated by respondents with a working period of 1-2 years as many as 153 people with a percentage of 78.46 percent. Respondents with a working period of >2-3 years amounted to 39 people, with a percentage of 20 percent, and respondents with a working period of >3-4 years amounted to 3 people, with a percentage of 1.54 percent.

#### Data Analysis and Hypothesis Testing

This study uses the PLS-SEM method with Smart PLS 4.0 software. Model evaluation is carried out in two stages: Evaluation of the Measurement Model and Structural Model Evaluation. The result can be seen at Figure 2.

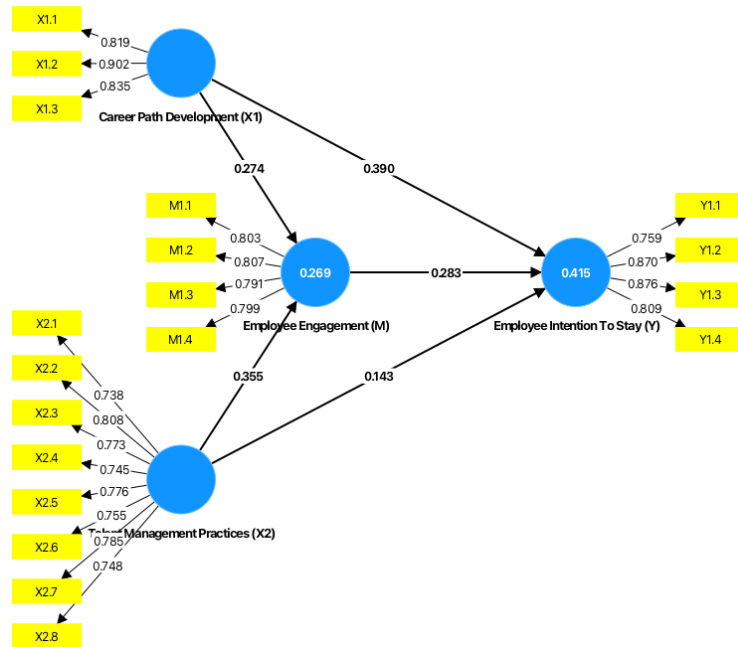


Figure 2. Result of Evaluation of the Measurement Model

*Evaluation of the Measurement Model (Outer Model)*

The measurement model is measured based on validity and reliability. Assessing validity with reflective indicators is evaluated through convergent and discriminant validity, while assessing reliability with reflective indicators is evaluated through composite reliability (Hair et al., 2017).

*Convergent Validity*

Convergent validity is used to measure the extent to which a construct is positively correlated with other constructs (Hair et al., 2022). The value of outer loading is considered significant if the value is > 0.70; then the indicator is declared valid (Hair et al., 2022).

Table 4  
Outer Loadings Result

	<i>Original Sample</i>	<i>T Statistics</i>	<i>P Values</i>
Y <sub>1.1</sub>	0.759	18.283	0.000
Y <sub>1.2</sub>	0.870	46.445	0.000
Y <sub>1.3</sub>	<b>0.876</b>	49.748	0.000
Y <sub>1.4</sub>	0.809	25.609	0.000
X <sub>1.1</sub>	0.819	22.589	0.000
X <sub>1.2</sub>	<b>0.902</b>	65.030	0.000
X <sub>1.3</sub>	0.835	29.851	0.000
X <sub>2.1</sub>	0.738	18.545	0.000
X <sub>2.2</sub>	<b>0.808</b>	24.542	0.000
X <sub>2.3</sub>	0.773	22.062	0.000
X <sub>2.4</sub>	0.745	13.594	0.000
X <sub>2.5</sub>	0.776	18.778	0.000
X <sub>2.6</sub>	0.755	20.737	0.000
X <sub>2.7</sub>	0.785	18.885	0.000
X <sub>2.8</sub>	0.748	17.055	0.000

	<i>Original Sample</i>	<i>T Statistics</i>	<i>P Values</i>
M <sub>1.1</sub>	0.803	22.336	0.000
M <sub>1.2</sub>	<b>0.807</b>	17.672	0.000
M <sub>1.3</sub>	0.791	14.653	0.000
M <sub>1.4</sub>	0.799	27.150	0.000

*Source: data processed, 2025*

Based on Table 4, the output results have met convergent validity. This is shown by the loading *factor* value of each indicator, which is above the minimum limit, which is 0.70. This value shows that each indicator has a strong enough correlation to the construct (latent variable) it measures, so that it can be concluded that all indicators used in this study are valid and able to represent the research variables well.

#### Discriminant Validity

##### *a. Cross Loading*

The test is carried out by checking *cross-loading* with its latent variables. If the *cross-loading* value of each indicator in the variable in question is greater than the *cross-loading* of other latent variables, then it is said to be valid. This stage of testing is carried out to explain how far an indicator (manifest) differs from one construct from another. In the discriminant validity test, there are 2 ways, namely by looking at *the cross-loading* value or comparing the square root of the *average variance extracted* (AVE) for each construct with the correlation value between the constructs and the model. Cross-loading is said to be better if the value of an indicator in one construct is higher than that of another. The value of a construct is said to be good if the AVE > 0.50 for each construct. The value of this research is from Table 5, as follows.

Table 5  
*Discriminant Validity - Cross-Loading Test Results*

	<i>Employee Intention To Stay (Y)</i>	<i>Career path development (X1)</i>	<i>Talent management practices (X2)</i>	<i>Employee Engagement (M)</i>
Y1	<b>0.759</b>	0.316	0.271	0.385
Y2	<b>0.870</b>	0.514	0.375	0.423
Y3	<b>0.876</b>	0.526	0.346	0.389
Y4	<b>0.809</b>	0.447	0.345	0.471
X1.1	0.471	<b>0.819</b>	0.281	0.291
X1.2	0.537	<b>0.902</b>	0.315	0.421
X1.3	0.383	<b>0.835</b>	0.298	0.283
X2.1	0.373	0.260	<b>0.738</b>	0.420
X2.2	0.334	0.272	<b>0.808</b>	0.369
X2.3	0.357	0.340	<b>0.773</b>	0.379
X2.4	0.197	0.171	<b>0.745</b>	0.278
X2.5	0.275	0.267	<b>0.776</b>	0.299
X2.6	0.355	0.286	<b>0.755</b>	0.376
X2.7	0.276	0.239	<b>0.785</b>	0.295
X2.8	0.247	0.268	<b>0.748</b>	0.276
M1	0.406	0.345	0.379	<b>0.803</b>
M2	0.315	0.210	0.421	<b>0.807</b>
M3	0.302	0.238	0.385	<b>0.791</b>
M4	0.535	0.434	0.281	<b>0.799</b>

*Source: data processed, 2025*

Table 5. shows that the correlation of employee intention to stay (Y) with the indicator is higher than the correlation of the indicators of career path development (X<sub>1</sub>), talent management practices (X<sub>2</sub>), and employee engagement (M). The correlation of the career path development variable (X<sub>1</sub>) with the indicators is higher than the correlation of talent

management practices ( $X_2$ ), employee engagement (M), and employee intention to stay (Y). The correlation variable of talent management practices ( $X_2$ ) with its indicators is higher than that of career path development ( $X_1$ ), employee engagement (M), and employee intention to stay (Y). The correlation of the employee engagement variable (M) with the indicator is higher than the correlation of the indicators of career path development ( $X_1$ ), talent management practices ( $X_2$ ), and employee intention to stay (Y).

Based on the table above, it can be seen that the *cross-loading* value of each construct indicator is greater than the other, so it can be concluded that all indicators of each construct have met the criteria of discriminant validity, and all indicators in each variable are valid.

#### b. Average Variance Extracted Values

The model is said to have a *fairly good* discriminant validity if the *AVE* value for each variable is greater than 0.50. The *AVE* values of each verifiable can be seen in Table 6. as follows.

Table 6  
Average Variance Extracted Values

Research Variables	AVE
<i>Employee intention to stay (Y)</i>	0.688
<i>Career path development (X1)</i>	0.727
<i>Talent management practices (X2)</i>	0.587
<i>Employee Engagement (M)</i>	0.640

Source: data processed, 2025

An *AVE* value of  $\geq 0.5$  indicates that the construct has good convergent validity. This means that at least 50% of the variance of the indicators can be explained by the construct being measured. Whereas, an *AVE* value of  $< 0.5$  indicates that the validity of the convergence is low, so the indicators may not be good enough to represent the construct.

Table 6 explains that all variables (employee intention to stay, career path development, talent management practices, and employee engagement) have an *AVE value* greater than 0.50, so that the convergent validity can be accepted and the model can be said to be good.

#### c. Composite Reliability

The test of the reliability of a construct with reflective indicators can be carried out by two methods, namely *composite reliability* and *Cronbach's alpha*. The variable is declared reliable if the *composite reliability* and *Cronbach's alpha values* are above 0.70.

Table 7  
Summary of Composite Reliability Test

Variables	Composite Reliability	Cronbach's Alpha	Information
<i>Employee intention to stay (Y)</i>	0,898	0,849	Reliable
<i>Career path development (X1)</i>	0,889	0,813	Reliable
<i>Talent management practices (X2)</i>	0,919	0,900	Reliable
<i>Employee engagement (M)</i>	0,877	0,814	Reliable

Source: data processed, 2025

The results of the output composite reliability and Cronbach's alpha for the variables of employee intention to stay, career path development, talent management, and employee engagement are all valued above 0.70, so it can be concluded that all variables pass the reliability test, or in other words, the variables have good reliability.

*Evaluation of Measurement Model (Inner Model)*

The internal model test is carried out by looking at the R-squared value, which is the goodness of fit test of the model. The *R-square* model of the PLS can be evaluated by looking at the *R-square* predictive relevance for the variable model. *R-squared* measures how well the observed value is produced by the model and also the estimation of its parameters.

## a. R-Square

The calculation of the *R-Square* value ( $R^2$ ) aims to see how much the correlation value of endogenous variables results from the PLS estimation of each path. The *R-squared* value ( $R^2$ ) ranges from 0 to 1, assuming that the higher the *R-squared value*, the better the research structural model. Hair et al. (2022) provide a statement that  $R^2$  values range from 0 to 1, where higher values indicate better explanatory power, and  $R^2$  values of 0.75, 0.50, or 0.25 for endogenous latent variables can be described as *substantial/strong*, *moderate/moderate*, or *weak/weak* measures. The results of the *R-squared* value can be seen in Table 8 as follows.

Table 8  
*R-square Result*

Variables	R Square	R-square adjusted
<i>Employee Engagement (M)</i>	0,269	0.261
<i>Employee intention to stay (Y)</i>	0,415	0.406

Source: data processed, 2025

b. *Q-Square predictive relevance*

The value of  $Q^2$  is determined based on the value of cross validated redundancy in SEM PLS, because in this approach there is a process of including important elements of the path model and model structure to predict data points that are eliminated by the model's influence of career path development, talent management practices, and employee engagement on employee intent to stay to provide value *R-square* as listed in table 8, the value of *Q-Square* predictive relevance can be determined as follows

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2_1)(1 - R^2_2) \\
 &= 1 - (1 - 0,269)(1 - 0,415) \\
 &= 1 - (0,731)(0,585) \\
 &= 1 - 0,427 = 0,573
 \end{aligned}$$

The value of the  $Q^2$  calculation results is 0.573, so the conclusion is that *employee intention to stay* at PT BSH has a relevant predictive value, where the model can explain the information in the study by 57.3 percent.

*Hypothesis Testing*

Hypothesis testing was conducted using a p-value-based significance test. A p-value less than 0.05 ( $p < 0.05$ ) indicates statistical significance, whereas a p-value greater than 0.05 ( $p > 0.05$ ) suggests insignificance. In the outer model, significant outer loadings confirm that indicators are valid measures of their respective latent variables. For the inner model, significant results imply a substantial influence of one latent variable on another. The subsequent PLS analysis details the direction and magnitude of influence from each exogenous variable on the endogenous variable, presented as follows.

Hypothesis	Correlation Coefficients	<i>p values</i>	Explanation
Direct Influence			
<i>Career path development (X<sub>1</sub>) -&gt; Employee intention to stay (Y)</i>	0,390	0,000	Significant
<i>Talent management practices (X<sub>2</sub>) -&gt; Employee intention to stay (Y)</i>	0,143	0,040	Significant
<i>Employee engagement (M) -&gt; Employee intention to stay (Y)</i>	0,283	0,000	Significant
<i>Career path development (X<sub>1</sub>) -&gt; Employee Engagement (M)</i>	0,274	0,000	Significant
<i>Talent management practices (X<sub>2</sub>) -&gt; Employee Engagement (M)</i>	0,355	0,000	Significant
Indirect Influence			
<i>Career path development (X<sub>1</sub>) -&gt; Employee Engagement (M) -&gt; Employee intention to stay (Y)</i>	0,077	0,009	Significant
<i>Talent management practices (X<sub>2</sub>) -&gt; Employee Engagement (M) -&gt; Employee intention to stay (Y)</i>	0,100	0,018	Significant

*Source: data processed, 2025*

#### *The effect of career path development on employee intention to stay*

Career path development demonstrated a positive and significant influence on employee intention to stay at PT BSH, with a path coefficient of 0.390 and a p-value of 0.000 ( $p < 0.05$ ). This result leads to the rejection of the null hypothesis ( $H_0$ ) and acceptance of the alternative hypothesis ( $H_a$ ), indicating that a more favorable perception of career path development among PT BSH employees is associated with a higher intention to remain with the company. The results of this study support the perspective of Social Exchange Theory (Social Exchange Theory / SET), when the company is able to provide clarity and career development opportunities, employees view it as a form of organizational investment in them. Employees will feel obligated or motivated to stay and be loyal to the company in return for the support felt by employees, so that a mutually beneficial relationship is formed. The findings of this study are in line with the results of previous research conducted by [Wiratanoeningrat & Nugroho \(2021\)](#) who explained that career path development has a positive and significant effect on employee intention to stay.

#### *The effect of talent management practices on employee intention to stay*

The effect of talent management practices on employee intention to stay was 0.143, with p values of  $0.040 < 0.05$  indicating that  $H_0$  was rejected and  $H_a$  was accepted, so it can be concluded that talent management practices have a positive and significant effect on employee intention to stay at PT BSH. This means that the better the talent management practices at PT BSH, the greater the intention of employees to stay at PT BSH. The results of this study support the perspective of Social Exchange Theory (SET), the attention given by PT BSH through talent management practices creates the perception that the company cares about the well-being and professional development of employees. Employees who feel identified as important talents will feel valued, so they feel psychologically bound and reciprocate with a strong desire to stay and contribute more to the company. The findings of this study are in line with the results of previous research conducted by [Luna & Danvila \(2024\)](#) which stated that talent management practices have a positive and significant effect on employee intention to stay.

#### *The Effect of employee engagement on employee intention to stay*

Employee engagement demonstrated a positive and significant influence on employee intention to stay at PT BSH, with a path coefficient of 0.283 and a p-value of 0.000 ( $p < 0.05$ ). This statistically significant result leads to the rejection of the null hypothesis ( $H_0$ ) and acceptance of the alternative hypothesis ( $H_a$ ). Consequently, it can be concluded that higher levels of employee involvement in work are associated with a greater intention to remain with PT BSH. The

results of this study support the perspective of Social Exchange Theory (Social Exchange Theory / SET) that a positive and fair relationship between the organization and employees will give rise to a sense of emotional, psychological, and behavioral attachment. When employees feel involved in decision-making, get managerial support, and have role clarity, they will show higher engagement as a form of reciprocity. Employee engagement creates a sense of belonging and emotional bonding, which ultimately increases the employee's desire to stay with the company. The findings of this study are in line with the results of previous research conducted by [Weng et al. \(2023\)](#) which states that employee engagement has a positive and significant effect on employee intention to stay.

#### *The effect of career path development on employee engagement*

Career path development demonstrated a positive and significant influence on employee engagement at PT BSH, with a path coefficient of 0.274 and a p-value of 0.000 ( $p < 0.05$ ). This statistically significant result leads to the rejection of the null hypothesis ( $H_0$ ) and acceptance of the alternative hypothesis ( $H_a$ ). Consequently, it can be concluded that a more favorable perception of career path development among PT BSH employees is associated with higher levels of involvement in their work. The results of this study support the perspective of Social Exchange Theory (Social Exchange Theory / SET), when the company is able to provide opportunities to develop creating a reciprocal relationship. Employees who see clarity in their career paths feel valued, prioritized, and considered important by the company. In return, they tend to be more emotionally and cognitively engaged in their work, show greater dedication, and contribute to the achievement of the company's goals. The findings of this study are in line with the results of previous research done by [Ramli et al. \(2022\)](#), explained the results of the study that career path development has a positive effect on employee engagement.

#### *The effect of talent management practices on employee engagement*

Influence talent management practices against employee engagement by 0.355 with p values  $0.000 < 0.05$ . The results show that  $H_0$  is rejected, and  $H_a$  is accepted. It can be concluded that talent management has a positive and significant effect on employee engagement at PT BSH. This means that the better the implementation of talent management at PT BSH, then, the higher the employees' intention to be involved in their work at PT BSH. The results of this study support the perspective of Social Exchange Theory (Social Exchange Theory/SET) that positive interactions between companies and individuals will result in mutual trust and attachment. If PT BSH strives to develop employees' potential and careers through various talent programs, employees will feel recognized, respected, and trusted. This sense of appreciation gives rise to an intrinsic drive to be more actively involved in daily work, creating a productive and committed work atmosphere that will have a positive impact on improving employee engagement among Gen Z employees at PT BSH. The findings of this study are in line with the results of previous research done by [Thank you et al. \(2023\)](#), with the results that talent management practices have a positive and significant effect on employee engagement.

#### *The role of employee engagement in mediating the influence of career path development on employee intention to stay*

Analysis results specific indirect effects show that there is a significant mediating effect of the employee engagement (M) in the relationship between career path development (X1) and employee intention to stay (And). Career path development (X1) exerts an indirect influence on employee intention to stay through employee engagement by 0.077 with a value of  $t = 2,624$  and p-value 0.009, which indicates that this mediation pathway is statistically significant. The results mean that employee engagement is able to mediate the influence of career path development against employee intention to stay Gen Z employees at PT BSH in a complementary partial mediation, so that the sixth hypothesis is accepted. Complementary Partial Mediation means employee engagement is not the only connecting line between career path development and employee intention to stay. This happens because the direct influence remains, meaning career path development has a direct effect on employee intention to stay Gen Z employees. In addition to direct influence, career path development also has an indirect effect through employee engagement. The two complement each other (complementary), so that both direct and indirect influences run simultaneously.

The results of this study support the perspective of Social Exchange Theory (Social Exchange Theory / SET) which emphasizes that the relationship between the organization and employees is dynamic and gradual. Initially, the company offered career development, which created a sense of appreciation in employees. This sense of being valued then increases engagement, which ultimately strengthens the intention to persevere. Partial mediation suggests that

employee engagement is an important psychological mechanism in the reciprocal process, but there is also a direct influence of career development on the desire to stay.

#### *The role of employee engagement in mediating the influence of talent management on employee intention to stay*

Talent management practices (X2) also have a significant indirect influence on employee intention to stay (Y) through employee engagement (M), with a coefficient of 0.100, a t-value of 2.362, and a p-value of 0.018. The results explain that employee engagement plays an important mediating role in strengthening the influence of career path development and talent management practices on employees' intention to stay. These results mean that employee engagement is able to mediate the influence of career path development on employee intention to stay of Gen Z employees at PT BSH through complementary partial mediation, so that the seventh hypothesis is accepted. Complementary Partial Mediation means that employee engagement is not the only link between talent management practices and employee intention to stay. This happens because direct influence remains, meaning that talent management practices have a direct effect on employee intention to stay Gen Z employees. The two are complementary, so that both direct and indirect influences run simultaneously. The results of this study support the perspective of Social Exchange Theory (SET), which explains that when companies develop employee talent, they not only meet professional needs, but also psychological needs such as a sense of appreciation, recognition, and belonging. Employees respond by increasing their engagement at work, which reinforces their commitment to stay. This relationship is two-way, where the organization gives, employees reciprocate, and engagement becomes a key element in such social exchange.

## 4 Conclusion

The findings of this study at PT BSH lead to several conclusions: both career path development and talent management practices directly and positively influence employee intention to stay. Similarly, employee engagement is also a positive and significant influence on employee intention to stay. Furthermore, career path development and talent management each exert a positive and significant effect on employee engagement. Importantly, employee engagement acts as a complementary partial mediator in the relationships between both career path development and talent management, and employee intention to stay.

Theoretical implications of research related to the development of human resource management science. The theoretical implications of this study strengthen the relevance of Social Exchange Theory (SET) in understanding the behavior of Generation Z employees at PT BSH, especially related to employee intention to stay. Practically, this research provides implications for PT BSH in formulating policies and making decisions related to the management of human resource management, especially in terms of increasing employee intention to stay by increasing employee retention by maintaining loyalty, ensuring a competency-based promotion process, increasing the consistency of performance evaluation, and encouraging the totality of employees in working through improvement employee engagement.

PT BSH needs to increase employee intention to stay by paying attention to career path development, talent management practices, and employee engagement because it has been proven to be influential in this research. PT BSH needs to further optimize the employee transfer program between divisions as part of career development. PT BSH needs to increase transparency and equal distribution of promotion opportunities for all employees. PT BSH also needs to increase psychological support for feeling anxious or depressed when there is work that has not been completed.

For the next researcher, it is hoped that other variables that affect employee intention to stay can expand the scope of research so that it is not limited to the tourism industry. This research should be conducted in other business sectors or industries with a wider scope, and this research can be done in a combination of two or more research locations to provide more comprehensive insights and increase the relevance of the findings so that they can be implemented more generally.

#### *Limitation*

This research has limitations that should be considered for future research. First, the scope of the study is limited to Generation Z employees, which can influence the generalization of the findings. Results may differ if the research is conducted on other industries more broadly. Second, this study only focuses on the mediating role of employee

engagement, on the influence of career path development and talent management practices on employee intention to stay. Third, this study was conducted using a cross-sectional design, which captures data at a single point in time so that it is less able to understand changes and trends over time.

*Conflict of interest statement*

The authors declared that (s)he/they have no competing interests.

*Statement of authorship*

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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