

Research Article

Proposing A Strategic Talent Retention Program To Strengthen The Talent Management System: A Case Study Of Pt Xyz

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Abstract: PT XYZ is currently undergoing a major digital and operational transformation, necessitating a robust Talent Management System (TMS) capable of retaining its critical managerial talent. The company has successfully met its workforce fulfillment targets, but the sustainability of its talent pipeline remains fragile due to a significant shortfall in filling critical positions and the risk of losing high-potential talent. The fundamental problem is that PT XYZ's TMS design lacks an integrated, formalized Strategic Talent Retention Program, creating a profound design failure where the focus is reactive (filling vacancies) rather than strategic (securing existing key talent). If this strategic design gap is not addressed promptly, it could compromise PT XYZ's ability to maintain innovation, safety, reliability, and public trust amidst its operational transformation. Therefore, this thesis aims to propose a strategic talent retention program to strengthen PT XYZ's talent management system, ensuring continuity in critical positions and aligning human capital with long-term digital and operational transformation goals. The research employed a Sequential Exploratory Mixed-Methods Design, combining an initial quantitative analysis of the Annual Employee Survey from 234 talents with subsequent qualitative insights from in-depth interviews with senior leaders. Main findings revealed that while many practices are perceived as strong, three critical dimensions, Work-Life Balance (Mean = 3.08), Career & Development (Mean = 3.23), and Reward & Recognition (Mean = 3.24) require priority improvement to mitigate retention risks. In conclusion, the study proposes an eight-initiative Strategic Talent Retention Program, including priority programs like the Future-Ready Leadership Mobility Program and the Work-Life Integration & Wellbeing Program, thereby transforming the TMS into a proactive strategic tool for sustainable organizational resilience.

Keywords: Critical Position Gap; Key Drivers Talent Retention; Strategic Program Proposal; Talent Management System; Talent Retention.

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1. Introduction

In the realm of strategic planning, nothing is considered more dangerous than a partially designed system. A Talent Management System (TMS) is analogous to a complex system that must fundamentally include recruitment, a development component, and, most crucially, a retention framework. This fundamental design failure is a real threat to sustainability. Talent Management (TM) is a strategic process that integrates recruitment, development, performance management, engagement, and succession planning to ensure organizations attract, retain, and optimize high-potential employees (Collings, Mellahi, & Cascio, 2019). At its core, TM safeguards against talent shortages while building leadership capacity, fostering innovation, and ensuring operational excellence. The effectiveness of TM is most evident in its link to talent retention, which is the ability of organizations to sustain high-potential employees in critical roles. Without structured retention practices, organizations risk

productivity loss, high replacement costs, and declining morale (Mazzetti & Schaufeli, 2023). These risks are particularly acute in industries where safety, reliability, and public trust are fundamental. Globally, executives consistently report shortages of qualified talent, especially in sectors undergoing rapid digital and operational change (World Economic Forum, 2023). Indonesia reflects these global pressures. National programs such as Making Indonesia 4.0 and the Ministry of State-Owned Enterprises' (SOEs) transformation roadmap emphasize the urgency of modern TM systems to strengthen innovation, efficiency, and workforce modernization (Kementerian BUMN, 2020).

PT XYZ, Indonesia's state-owned railway operator established in 1945, plays a pivotal role in this national agenda. With its mandate to deliver safe, reliable, and efficient national transportation, PT XYZ is central not only to connectivity but also to Indonesia's economic development and public welfare (Kementerian BUMN, 2020). Over the past decade, PT XYZ has launched a transformation agenda structured around four pillars, positioning it as a benchmark for innovation and modernization among Indonesian SOEs (IBM Indonesia, 2025). Yet, despite these achievements, the company's TM system still lacks a formalized talent retention strategy. Although PT XYZ has successfully met its workforce fulfillment targets, the sustainability of its talent pipeline remains fragile. Moreover, PT XYZ plans to fully implement a new TMS in 2026, and the absence of an embedded retention program weakens the current system. This lack of a strategic retention component creates a profound design problem. As a result, the focus of PT XYZ's TMS tends to be reactive (attempting to fill vacancies as they arise) rather than strategic (securing existing key talent). If this strategic design gap is not addressed promptly, it could compromise PT XYZ's ability to maintain innovation, safety, reliability, and public trust amidst its operational transformation.

Therefore, this study aims to propose a strategic talent retention program to strengthen PT XYZ's talent management system, ensuring continuity in critical positions and aligning human capital with its long-term digital and operational transformation goals.

2. Literature Review

The Concept of Talent Management

Talent Management (TM) is a strategic approach used by organizations to attract, develop, and retain talented individuals to achieve competitive advantage. According to Lewis & Heckman (2006), TM can be categorized into three main perspectives: filling key positions, managing the entire talent pool, and managing individual competencies. Beyond simply managing individuals, Collings & Mellahi (2009) emphasize that TM must be linked to the organization's business strategy, which will increase employee loyalty and create an innovative work environment. TM has become a crucial strategic element for improving talent retention in an increasingly competitive business environment. By involving a structured and integrated approach to attracting, developing, and retaining high-quality human capital, effective TM strengthens engagement and retention rates, thereby improving productivity and sustainable organizational performance.

Talent Management Framework

The Strategic Talent Management framework guides organizations in systematically identifying, attracting, developing, engaging, and retaining individuals who are best aligned with their business goals. By applying this model, companies can cultivate a high-performance culture rooted in innovation and continuous improvement, ultimately strengthening their competitive position (Urme, 2023). A well-crafted talent management strategy promotes a productive and engaged workforce, strengthens business performance, and helps close critical skill gaps. According to Oracle NetSuite, talent management is a comprehensive approach that aligns workforce capabilities with strategic business goals.



The strategy includes the following key components:

- **Talent Strategy and Planning:** This phase involves identifying both current and future talent needs. It includes evaluating required competencies and designing plans to acquire and develop the necessary skills.
- **Sourcing and Recruiting:** The process begins with attracting potential candidates through various channels such as online platforms, referrals, and partnerships.
- **Selection and Hiring:** In this stage, candidates are carefully evaluated through interviews and assessments to ensure they meet job requirements and align with organizational culture.
- **Developing:** Talent development focuses on improving talent skills and preparing them for greater responsibilities. It involves structured training, mentoring, and coaching programs to help individuals grow in line with organizational needs.
- **Retaining and Engaging:** This includes fostering a supportive work culture, offering competitive rewards, recognizing contributions, and ensuring talents feel valued and connected to the organization.
- **Transitioning:** Managing workforce transitions such as promotions, job rotations, or exits is also essential. Succession planning and role adjustments ensure talent mobility and leadership continuity within the organization.

Key Theoretical Drivers of Talent Retention

Reward & Recognition

Reward and recognition significantly influence employee motivation and retention, as Herzberg's Two-Factor Theory (1959) explains that hygiene factors such as pay only prevent dissatisfaction, while true motivation arises from intrinsic factors like achievement and recognition. Meaningful recognition fulfills employees' psychological need for appreciation and competence, making financial rewards insufficient without acknowledgment of effort and contribution. When organizations deliver fair and timely recognition, they strengthen the psychological contract and foster long-term commitment (Herzberg, 1959).

Career & Development

Career and development practices enhance employee capability and organizational commitment through investments in human capital. Human Capital Theory (Becker, 1964) posits that training, education, and structured career pathways increase employees' productivity, value creation, and long-term organizational attachment. Employees are more likely to stay when they perceive growth opportunities, while stagnation reduces motivation and increases turnover intentions. Thus, career development systems serve as strategic tools for sustaining talent pipelines and supporting organizational progression (Becker, 1964).

Pay & Benefit

Perceptions of fairness in pay and benefits strongly shape employee attitudes and retention. Equity Theory (Adams, 1965) argues that employees evaluate fairness by comparing their contributions with the rewards they receive relative to others. Fair and transparent compensation systems strengthen trust and commitment, while perceived inequity can lead to dissatisfaction, reduced performance, or turnover. Competitive and equitable pay structures are therefore essential components of organizational retention strategies (Adams, 1965).

Training Program

Training programs contribute to performance and retention by enhancing ability, motivation, and opportunities to apply learning, as outlined in the AMO Framework (Appelbaum

et al., 2000). Effective training increases competence, signals organizational investment in employee growth, and provides practical avenues to use new skills. When training is relevant and aligned with career pathways, employees feel valued and are more likely to remain with the organization, whereas poor training reduces engagement and increases turnover (Appelbaum et al., 2000).

Supervisory (Leadership)

Leadership plays a central role in employee satisfaction and commitment, particularly through the lens of Path–Goal Theory (House, 1971), which highlights the importance of leaders who guide employees toward goals by providing support and reducing obstacles. Supportive leadership characterized by empathy, encouragement, and psychological safety strengthens trust, engagement, and organizational loyalty. Employees tend to stay in environments where leaders foster respect and provide meaningful guidance (House, 1971).

Work Infrastructure

Work infrastructure directly affects employee motivation and retention by enabling efficient performance and reducing work-related obstacles. According to the Job Characteristics Model (Hackman & Oldham, 1976), well-designed jobs supported by adequate tools, technology, and clear processes enhance intrinsic motivation and satisfaction. Strong infrastructure promotes role clarity and reduces frustration, while inadequate systems increase stress and turnover intention. Thus, investing in infrastructure is a strategic driver of workforce stability (Hackman & Oldham, 1976).

Work–Life Balance

Work–life balance shapes employee well-being and long-term organizational attachment through the interplay of job demands and resources. The JD-R Model (Bakker & Demerouti, 2007) explains that excessive demands lead to strain and burnout unless balanced by resources such as flexibility, autonomy, and supervisory support. When employees experience balance, engagement and retention increase; when imbalance persists, turnover intentions rise. Work–life balance is therefore a vital strategic mechanism for sustaining a committed workforce (Bakker & Demerouti, 2007).

Performance Management

Performance management enhances employee motivation and capability through clear, challenging, and measurable goals, as articulated in Goal Setting Theory (Locke & Latham, 1990). Specific goals focus attention, increase effort, and strengthen persistence, while ongoing feedback supports continuous improvement. Fair and transparent performance evaluation increases trust and strengthens commitment, making performance management a critical strategic tool for talent development and retention (Locke & Latham, 1990).

3. Research Methodology

Data Collection Method

This study uses both primary and secondary data, collected through quantitative and qualitative approaches to provide a comprehensive understanding of talent retention at PT XYZ.

Quantitative data collection involves gathering numerical data that can be measured and statistically analyzed to identify patterns and relationships (Creswell & Creswell, 2018). In this research, quantitative data were obtained from secondary data, specifically PT XYZ's internal annual talent survey, involving 234 talents at the headquarters. The purpose is to capture measurable perceptions of key talent retention drivers and identify areas viewed as weak or needing improvement.

Table 1. Operationalization of variables.

Variable	Indicators
Reward & Recognition	Positive feedback, effectiveness of award-giving, coworker recognition
Career & Development	Career development programs, clear career paths, supervisor support, competency development, career opportunities, self-development
Pay & Benefit	Income–workload match, welfare improvement, equal rewards, allowance compliance, benefit fulfillment

Training Program	Adequate learning facilities, relevant materials, quality trainers, supervisor commitment
Supervisory	Supervisor support, guidance, and encouragement in work challenges
Work Infrastructure	Adequate facilities, job understanding, clear procedures
Work–Life Balance	Work–life balance policies, implementation, well-being programs
Performance Management	Clear performance system, expectation clarity, fairness, recognition, performance improvement programs, collaborative goals, performance-linked rewards

While qualitative data collection focuses on gathering descriptive, non-numerical information that captures participants' experiences and perspectives (Creswell & Poth, 2018). In this study, qualitative data were collected through semi-structured, in-depth interviews with selected talents at PT XYZ, particularly BOD-3 managers who play a strategic role in talent management and retention.

Data Analysis Method

Quantitative analysis was used to describe talent perceptions of the key drivers of retention at PT XYZ. The study used secondary data from the PT XYZ Annual Survey, which provides aggregated scores on engagement, motivation, and satisfaction. Descriptive statistics were applied because they are suitable for summarizing numerical perception data through mean, percentage, and frequency (Sugiyono, 2019). The analysis focused on calculating the mean score for each indicator and dimension, followed by ranking the dimensions to identify strengths and weaknesses. All calculations and visualizations (tables and bar charts) were completed using Microsoft Excel. Descriptive analysis is used to determine the average perception score of each indicator and variable using the formula:

$$\bar{X} = \frac{\sum Xi}{N} \quad (1)$$

Where:

\bar{X} = Mean Score

Xi = Score of Each Indicator

N = Number of Indicator

While qualitative analysis was used to interpret interview data and generate deeper insights into talent retention. The process began with data reduction, including selecting, coding, and categorizing information (Sekaran & Bougie, 2016).

The steps included:

- Transcribing interviews,
- Identifying key words,
- Coding relevant segments,
- Grouping codes into themes,
- Interpreting the themes.

This approach helped explain the meanings behind talent perceptions and supported the findings from the quantitative results.

4. Results and Discussion

Result

Here are some research findings obtained through company annual survey and interviews with selected BOD-3 talent :

Table 2. Quantitative and Qualitative Result.

Variabel	Quantitative Result	Qualitative Result
Reward & Recognition	3.24 (Moderate-High)	Recognition programs exist, but distribution scale, consistency, and transparency of criteria require improvement. Some employees feel rewards are uneven or unclear.
Career & Development	3.23 (Moderate-High)	Career path program exists, but communication and implementation vary. Development access differs across units and positions, creating perceived inequality.
Pay & Benefit	3.35 (High)	Salary is considered fair and aligned with responsibility; health benefits and job security are appreciated and competitive, especially post-COVID.
Training Program	3.26 (High)	Training is considered effective for basic skills; however, materials require refreshment and trainer competence varies. Relevance to job needs is inconsistent across units.
Supervisory	3.36 (High)	Employees experience strong supervisor support and encouragement, effective coaching, and balanced direction. Variation in managerial style still influences team climate.
Work Infrastructure	3.39 (High)	Informants reported that infrastructure, tools, and facilities have significantly improved and procurement is now more structured, although variations across units and SOP dependencies remain challenges.
Work–Life Balance	3.08 (Moderate-High)	Work–life balance heavily depends on leaders' style; high workload and 24/7 operational demands affect wellbeing. Boundaries between work and personal time remain unclear.
Performance Management	3.28 (High)	KPI system is perceived as increasingly structured, measurable, and validated by a verification team. KPI contributes indirectly to promotion and reward decisions.

Discussion

The quantitative and qualitative findings shows strong alignment between survey results and interview insights. The highest-rated variable, Work Infrastructure, Supervisory Leadership, Pay & Benefit, and Performance Management are consistently supported by qualitative evidence. Employees note improvements in work facilities, tools, and procurement processes, and generally view supervisors as supportive through coaching and feedback. Compensation is also perceived as fair and competitive, with job security contributing to positive sentiment. Performance management is reinforced by interviews, highlighting clearer KPI processes and their indirect role in promotions and rewards.

Lower-scoring dimensions also show alignment but reveal areas needing improvement. Although Training Program scores are relatively positive, interviews point to issues with training relevance and inconsistent trainer quality. Reward & Recognition is acknowledged but perceived as lacking transparency and consistency, reducing its motivational impact. Career & Development shows similar gaps; formal structures exist, but uneven communication and access create perceptions of inequality.

Work–Life Balance emerges as the weakest dimension in both datasets. Employees report difficulty managing boundaries due to workload demands and leader-dependent

flexibility, indicating a clear gap between organizational efforts and employee expectations. This makes Work–Life Balance the most urgent area for strategic improvement.

The following section presents the recommended Strategic Talent Retention Program consisting of eight initiatives designed to improve retention and strengthen PT XYZ's Talent Management System:

- a. **Strategic Impact Recognition Program (SIRP)**
This program introduces a structured recognition system that highlights strategic contributions of BOD-3 talents through personalized executive acknowledgments, visibility in leadership forums, and digital recognition badges in the Talent Management System. The goal is to increase recognition, strengthen psychological ownership, and boost commitment.
- b. **Future-Ready Leadership Mobility Program**
This initiative provides a clear and structured pathway for leadership progression through competency-based development, exposure assignments, and aspiration-based career mapping. It includes readiness assessments, automated Individual Development Plans, job shadowing, acting-role assignments, and HR-facilitated career discussions to support both vertical and lateral mobility.
- c. **Work–Life Integration & Wellbeing Program**
Designed to support BOD-3 wellbeing, this program includes stay-interview feedback loops, wellness activities, and supportive practices that balance work demands with personal needs. Aligned with the JD-R Model (Bakker & Demerouti, 2007), it aims to reduce burnout and increase engagement.
- d. **Training Excellence & Immersion Development Program**
This program updates training curricula based on competency gaps, links learning to performance, and enriches development with reverse mentoring, external benchmarking, and immersion experiences. It enhances strategic readiness and broadens leadership perspectives.
- e. **Leadership Reputation & Capability Acceleration Program**
This initiative strengthens supervisory capability through 360° reputation feedback, six-month executive coaching, and a practical leadership bootcamp. It focuses on improving leadership behavior that influences engagement, performance, and retention.
- f. **Performance Accountability & Impact-Based Reward System**
Aligned with Goal-Setting Theory (Locke & Latham, 1990), this program connects KPI results with reward mechanisms to strengthen fairness and motivation. Automated evaluations, reflection sessions, and transparent performance standards help build trust and reinforce high performance.
- g. **Personalized & Impact-Linked Benefit Optimization Program**
This initiative introduces flexible benefits and outcome-based incentives tailored to individual needs and contributions. Consistent with Equity Theory (Adams, 1963), the program ensures reward fairness, strengthens perceived organizational support, and encourages retention among high-potential leaders.
- h. **Premium Work Enablement Program**
This program enhances productivity and engagement by ensuring BOD-3 talents receive priority access to digital tools, support services, and operational resources. Following the JD-R Model, improved infrastructure increases efficiency and reduces work-related strain.

5. Conclusion

The results of the quantitative and qualitative analysis were integrated to formulate strategic business solutions in the form of a holistic Strategic Talent Retention Program. The conclusions of this study are presented below. The findings reveal that overall, employees have positive perceptions of the existing Talent Management System practices, particularly in the dimensions of Work Infrastructure, Supervisory Leadership, Pay & Benefit, Performance Management, and Training Program. These dimensions are perceived as organizational strengths that support employee experience and enable productivity, as confirmed both by quantitative rankings and qualitative themes derived from interviews. However, the study also identifies three critical dimensions that require priority attention to sustain long-term talent retention: Work–Life Balance, Career & Development, and Reward & Recognition.

This study formulates a Strategic Talent Retention Program consisting of eight integrated initiatives. Three initiatives are directed toward closing performance gaps: Work–Life Integration & Wellbeing, Future-Ready Leadership Mobility and Strategic Impact Recognition, while five initiatives operate as leverage strategies to reinforce strengths across: Training Excellence & Immersion Development, Leadership Reputation & Capability Acceleration, Performance Accountability & Impact-Based Reward System, Personalized Benefit and Premium Work Enablement. The program is designed using a structured implementation plan, supported by an action roadmap and measurable KPI indicators, ensuring clarity, feasibility, and alignment with PT XYZ’s strategic transformation priorities..

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