

# The Effect Of Employee Engagement On Turnover Intention: The Mediating Role Of Job Satisfaction At PT XYZ, A Healthcare Provider Company

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## Abstract.

*Employee engagement is a critical factor in managing human resources in the healthcare sector. Low engagement may reduce job satisfaction and increase turnover intention, affecting service quality and organizational stability. At PT XYZ, internal data show declining engagement and rising turnover intention in the past two years. This study aims to examine the effect of employee engagement on turnover intention, with job satisfaction as a mediating variable. Using a quantitative survey method, data from 131 permanent employees were analyzed with PLS-SEM. The expected result is that employee engagement negatively affects turnover intention, with job satisfaction mediating this relationship. Findings are expected to support policies to improve employee retention and satisfaction in healthcare services.*

**Keywords:** Employee engagement; job satisfaction; turnover intention and mediation.

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## I. INTRODUCTION

Turnover intention, or employees' intent to leave their jobs, is a key strategic issue in human resource management, particularly in the healthcare sector. High turnover rates among nurses and medical staff increase recruitment and training costs, reduce service quality, disrupt team stability, and add workload to remaining employees. These challenges have intensified in recent years, especially during and after the COVID-19 pandemic. The 2024 NSI National Healthcare Retention & RN Staffing Report shows a hospital turnover rate of 20.7%, down from 22.7% in the previous year. Registered nurses saw a turnover rate of 18.4%, still significantly higher than the 13.3% in non-healthcare sectors (Work Institute, 2024). In long-term care facilities, the turnover rate reached 53.3% in 2023, highlighting an urgent need for better HR management.

One critical factor influencing turnover intention is employee engagement the emotional, cognitive, and physical connection employees feel toward their work (Kahn, 1990). Engaged employees are more committed, productive, and resilient. In contrast, disengaged employees are more prone to dissatisfaction and burnout, leading to higher turnover intention (Saks, 2006; Schaufeli & Bakker, 2004). PT XYZ, a healthcare service provider, also faces challenges in maintaining employee engagement. Factors such as poor communication, lack of recognition, and limited career development opportunities contribute to declining engagement, which in turn increases turnover intention. Job satisfaction plays a mediating role between engagement and turnover intention. Previous studies (e.g., Karatepe, 2013; Gupta & Shaheen, 2016; Imron & Indiyati, 2023) show that higher engagement leads to greater job satisfaction, which reduces employees' desire to leave. This study aims to analyze the effect of employee engagement on turnover intention, with job satisfaction as a mediating variable, at PT XYZ. The findings are expected to provide empirical insights and inform more effective HR strategies in the healthcare sector.

## II. METHODS

The population of this study consists of all permanent employees at PT XYZ, totaling 131 individuals. The sample size was determined using a non-probability sampling technique, with the calculation based on Slovin's formula. Thus, the sample in this study consists of all permanent employees of PT Telkomedika, totaling 99 individuals, which was rounded up to 100 respondents. Data Collection Method Data were collected by distributing an online questionnaire via Google Forms to the permanent employees of PT XYZ, using an interval scale of measurement. This study employed a quantitative approach using both

descriptive and verificative methods. Descriptive analysis was conducted using the continuum line method, while verificative analysis was performed using Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with the help of SmartPLS version 4.0. In the application of SEM-PLS, instrument testing is referred to as the outer model, which includes validity testing (convergent and discriminant validity) and reliability testing (construct reliability and composite reliability). Meanwhile, verificative analysis is carried out through the inner model, which involves multicollinearity testing, coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), path coefficients, and bootstrapping for hypothesis testing.

### III. RESULT AND DISCUSSION

Table 2 presents the demographic profile of the respondents, including gender, age, length of employment, and latest educational background. In terms of gender, the majority of respondents were female (*exact number or percentage can be inserted here*).

**Table 3.** Average Scores of Research Variables

Variable	Dimensions	Items	Average
Employee Engagement	3	8	4.36
Job Satisfaction	5	10	4.38
Turnover Intention	3	6	2.04

As shown in Table 3, based on research instruments measured using a 5-point Likert scale, the average scores for each variable are as follows: Employee Engagement scored 4.36, Job Satisfaction scored 4.38, and Turnover Intention scored 2.04. These results indicate that respondents reported very high levels of employee engagement and job satisfaction. In contrast, the level of turnover intention among respondents was relatively low. This study aims to examine the influence of Employee Engagement on Turnover Intention, with Job Satisfaction as a mediating variable. The analysis was conducted using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach with the help of SmartPLS version 4.0. The first step involved assessing the outer model, which evaluates the validity and reliability of the indicators that reflect each latent construct. The results of the outer model show that all indicators have loading factor values above 0.70, indicating good convergent validity. For instance, in the Employee Engagement construct, indicator EE4 has a loading of 0.944, while in the Job Satisfaction construct, indicators KK4 and KK6 have values of 0.956 and 0.944, respectively. Similarly, all indicators of the Turnover Intention construct also exceed 0.85. In addition, the Average Variance Extracted (AVE) values for all constructs are above the minimum threshold of 0.50, and Composite Reliability (CR) values exceed 0.70, confirming that the constructs demonstrate strong validity and reliability.

Thus, the measurement model meets the requirements and can proceed to structural model testing. In the inner model analysis, the relationships between latent variables were assessed. The results indicate that Employee Engagement has a significant positive effect on Job Satisfaction, with a path coefficient of 0.906 and a t-statistic of 25.928. This implies that higher employee engagement leads to greater job satisfaction. Furthermore, Employee Engagement has a significant negative effect on Turnover Intention, with a path coefficient of  $-0.390$  and a t-statistic of 2.036. This suggests that employees who feel more engaged are less likely to intend to leave the organization. However, the relationship between Job Satisfaction and Turnover Intention was found to be not statistically significant, with a path coefficient of  $-0.338$  and a t-statistic of 1.529, which is below the 1.96 threshold. Therefore, Job Satisfaction does not serve as a significant mediating variable between Employee Engagement and Turnover Intention in this model. The R-squared ( $R^2$ ) values indicate that 82% of the variance in Job Satisfaction is explained by Employee Engagement, while 50.5% of the variance in Turnover Intention is jointly explained by Employee Engagement and Job Satisfaction.

These findings highlight that Employee Engagement plays a key role in enhancing job satisfaction and reducing employees' intention to leave. This result aligns with prior studies by Schaufeli & Bakker (2004), Saks (2006), and Karatepe (2013), which emphasize the importance of engagement in promoting a positive work environment and increasing employee retention. However, the non-significant influence of Job Satisfaction on Turnover Intention indicates that satisfaction alone may not be sufficient to retain employees. Other factors—such as workload pressure, career development opportunities, or external conditions—may also

contribute to employees' decisions to stay or leave. Overall, this study contributes to a deeper understanding of the psychological mechanisms that influence turnover intention, particularly in the context of a healthcare service provider like PT XYZ. The findings may serve as a foundation for developing more effective human resource strategies, with a focus on enhancing employee engagement as a key initiative to reduce turnover rates.

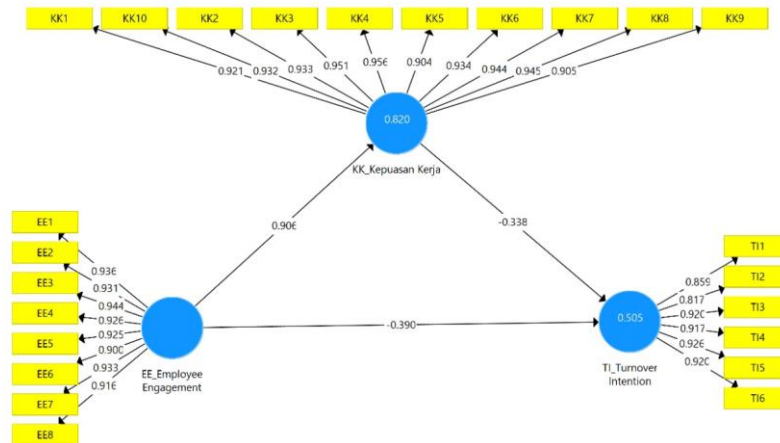


Figure 1 illustrates the **measurement model (outer model)** and **structural model (inner model)** derived from the PLS-SEM analysis. The outer model shows the relationship between each latent variable and its indicators. All loading factors in this diagram exceed the threshold of 0.70, indicating that the indicators for **Employee Engagement**, **Job Satisfaction**, and **Turnover Intention** demonstrate excellent convergent validity. For instance, EE4 (0.944), EE6 (0.933), and KK4 (0.956) have the highest loading scores within their respective constructs, confirming that the measurement items reliably represent the underlying latent variables. The inner model displays the path relationships among latent variables. It shows that **Employee Engagement positively influences Job Satisfaction (0.906)**, while both **Employee Engagement (-0.390)** and **Job Satisfaction (-0.338)** have negative relationships with **Turnover Intention**. These path coefficients reflect the hypothesized causal structure of the study.

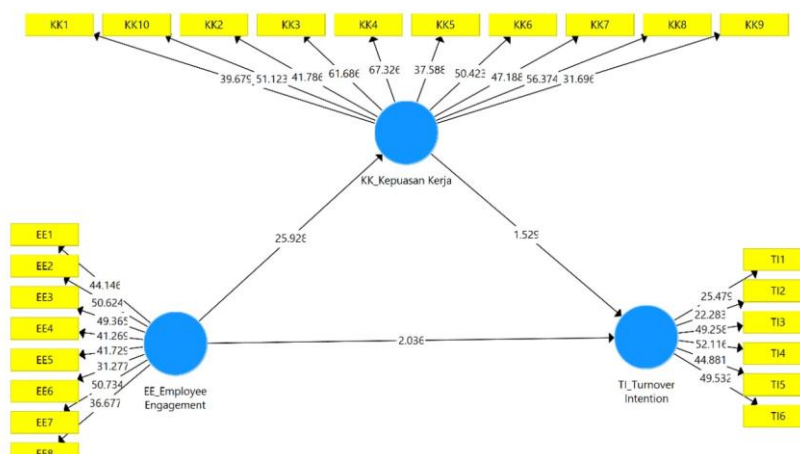


Figure 2 presents the **bootstrapping results** used to test the significance of each path in the model. It displays the **t-statistics** for each relationship and loading value. A path is considered statistically significant when the t-value exceeds 1.96. In this figure, the path from **Employee Engagement to Job Satisfaction** shows a highly significant result with a t-statistic of **25.928**. The path from **Employee Engagement to Turnover Intention** is also statistically significant, with a t-statistic of **2.036**. However, the path from **Job Satisfaction to Turnover Intention** is **not significant**, as its t-value is **1.529**, which is below the required threshold. This confirms that while engagement strongly impacts satisfaction and reduces turnover intention directly, **job satisfaction does not significantly mediate** that relationship. Together, these figures validate the measurement model and partially support the proposed hypotheses regarding the structural paths.

#### IV. CONCLUSION

This study concludes that employee engagement plays a central role in shaping employees' intention to stay within the organization. Among the three constructs examined, employee engagement shows the most significant influence on job satisfaction, highlighting how emotional and cognitive involvement in one's work can elevate overall workplace fulfillment. In turn, employees who are more engaged tend to experience greater satisfaction, which theoretically should reduce their likelihood of leaving. However, the findings reveal an important nuance: while employee engagement directly reduces turnover intention, job satisfaction does not significantly mediate this relationship. In other words, being satisfied with one's job alone does not necessarily prevent employees from intending to leave.

This suggests that engagement impacts turnover intention more powerfully through other mechanisms possibly including organizational commitment, emotional attachment, or personal values alignment. Moreover, although job satisfaction remains an important organizational outcome, its role as a bridge between engagement and turnover is limited in this context. These results reinforce the idea that fostering deep employee engagement—beyond surface-level satisfaction—is essential to retain talent, particularly in dynamic environments such as healthcare service providers. Lastly, this study emphasizes that retention strategies must go beyond traditional job perks or benefits. To effectively reduce turnover, organizations must create conditions that truly connect employees to their work, empower them with purpose, and actively support their emotional and psychological well-being. Employee engagement is not simply a desirable outcome it is a strategic imperative.

#### V. ACKNOWLEDGMENTS

I would like to thank Allah SWT for His blessings and guidance throughout this research process. My sincere gratitude goes to Mrs. Dian, my academic advisor, for her support, direction, and valuable input during the preparation of this thesis. I also thank the management and employees of PT. XYZ for their participation and cooperation in providing the data for this study.

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