

BRIDGING TALENT MANAGEMENT AND POPULIST LEADERSHIP: A TRANSFORMATIONAL MINDSET MODEL FOR EMPLOYEE RETENTION IN DEVELOPING REGIONS

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Abstract

Purpose – This study aims to bridge two seemingly contradictory leadership paradigms—talent management (merit-based) and populist leadership (accessibility-based)—into an integrated transformational mindset model for enhancing employee retention in developing regions. Drawing on data from local government in Indonesia, the research addresses a critical gap: how can public sector leaders simultaneously develop high-potential employees while remaining accessible and responsive to all staff?

Methodology – A sequential explanatory mixed-method design was employed. Quantitative data were collected from 442 civil servants across 25 regional work units in DKI Jakarta, Indonesia (January–April 2026). Structural equation modeling (PLS-SEM) was used to test the hypothesized relationships. Qualitative data were gathered through semi-structured interviews with 12 senior HR officials and agency heads to triangulate findings.

Findings – The results reveal that a talent-based transformational mindset significantly enhances modern HRM practices ($\beta = 0.58, p < 0.001$) and psychological ownership ($\beta = 0.47, p < 0.01$). Populist-oriented leadership directly strengthens employee–organization value congruence ($\beta = 0.53, p < 0.001$) and indirectly improves retention through trust in leadership ($\beta_{\text{indirect}} = 0.38, p < 0.001$). The interaction effect between talent-based mindset and populist mindset on retention was significant ($\beta = 0.16, p < 0.01$), indicating complementarity rather than substitution. Notably, retention was highest (mean = 5.94) when employees perceived their leaders as high on both dimensions.

Originality/Value – This study makes three original contributions to rural development and entrepreneurship literature. First, it reconciles the false dilemma between merit-based talent systems and accessible, people-centered leadership—a critical insight for developing regions where both institutional capacity and social trust are limited. Second, it provides a validated measurement model that can be replicated in other developing region contexts. Third, it offers actionable policy recommendations for local governments seeking to retain qualified civil servants while maintaining accountability to communities.

Practical Implications – For local governments in developing regions, the findings suggest that employee retention strategies cannot rely solely on HR systems or relational leadership alone; both are necessary and complementary. The integrated model offers a practical framework for leadership development programs tailored to rural and peri-urban contexts.

Keywords: Transformational leadership mindset, talent management, populist leadership, employee retention, developing regions, local government, rural development

JEL Classification: M12 (Personnel Management), O15 (Human Resources), R58 (Regional Development Policy)

INTRODUCTION

The Leadership Challenge in Developing Regions

Developing regions face a dual crisis in public sector human resource management. On one hand, rapid economic transformation and rural-urban migration create demand for competent, professional civil servants who can implement development programs effectively. On the other hand, weak institutional capacity, limited career progression opportunities, and perceptions of inequity drive high employee turnover—undermining the very institutions needed for development (World Bank, 2025; UNDP, 2026).

In Indonesia, a nation of over 17,000 islands with significant rural-urban disparities, local governments struggle to retain qualified civil servants, particularly in remote and border areas. National data from the Ministry of Administrative and Bureaucratic Reform (KemenPAN-RB, 2026) indicates that voluntary turnover among mid-career civil servants (ages 35–45) in developing regions reached 16.8% in 2025—the highest in a decade. The primary reasons cited include: "lack of career development opportunities" (49%), "unclear performance evaluation system" (41%), and "disconnect with leadership priorities" (37%).

These figures underscore an urgent question for rural development scholars and practitioners: **What leadership model can simultaneously develop talent (to build institutional capacity) and remain accessible (to maintain trust and legitimacy in communities with limited social capital)?**

The False Dilemma: Talent vs. Populism

Existing research has separately examined two leadership paradigms:

Paradigm	Core Principle	Strength	Limitation in Developing Regions
Talent Management (Collings & Mellahi, 2009; Cappelli & Keller, 2014)	Merit-based selection, competency development, strategic career paths	Builds institutional capacity, reduces nepotism	Can be perceived as elitist, inaccessible to lower-level staff
Populist Leadership (Mudde & Rovira Kaltwasser, 2017; Caramani, 2021)	Direct accessibility, responsiveness, anti-bureaucratic ethos	Builds trust, legitimacy, and morale	May undermine meritocracy, bypass procedures

In developing regions, this tension is particularly acute. Local governments need both:

- **Talent systems** to attract and retain qualified professionals
- **Populist accountability** to maintain legitimacy in communities with historically low trust in formal institutions (Putnam, 1993; Fukuyama, 1995)

Yet, few studies have examined how these paradigms can be integrated—particularly in non-Western, developing region contexts. This study answers that call.

Research Questions and Objectives

Thus, this study addresses three research questions:

1. **RQ1:** How does a talent-based transformational leadership mindset affect modern HRM practices and employee retention in developing region local governments?

2. **RQ2:** How does a populist-oriented leadership mindset influence trust, value congruence, and retention in the same context?
3. **RQ3:** Do the two mindsets interact synergistically, or are they substitutes in their effects on retention?

Contribution to Rural Development and Entrepreneurship

This study contributes to ICORE 2026's focus on rural development and entrepreneurship in three ways:

First, it provides an evidence-based leadership model that can be adapted for:

- Rural development agencies seeking to retain skilled staff
- Social enterprises operating in low-trust environments
- Local governments implementing community-driven development programs

Second, it demonstrates that **inclusive talent development**—combining merit-based progression with accessible leadership—may be more effective than either approach alone in retaining qualified human resources.

Third, the validated measurement instruments (TBM and PPM scales) can be replicated across other developing regions, enabling comparative research on leadership and public sector capacity.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Transformational Leadership as a Mindset

Transformational leadership (TL) has been extensively studied in organizational contexts (Bass & Avolio, 1994; Bass, 1999). Traditional TL comprises four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. However, in developing region public sectors, we argue that TL must be reconceptualized as a **mindset**—a habitual pattern of thinking that prioritizes both long-term capacity building (talent) and social connectedness (populist accessibility).

This reconceptualization is consistent with recent developments in leadership studies that emphasize cognitive schemas and mental models (Uhl-Bien et al., 2007; Dweck, 2006). In low-institutional-capacity environments, leaders' mindsets—not just their behaviors—shape organizational culture and employee retention.

Talent-Based Leadership Mindset (TBM)

A talent-based leadership mindset (TBM) emphasizes:

Dimension	Operational Definition	Relevance for Developing Regions
Systematic talent identification	Recognizing high-potential employees across all levels, not just elites	Reduces elite capture, promotes inclusion
Competency-based development	Investing in skills needed for rural development (e.g., agricultural extension, community facilitation)	Builds locally relevant capacity
Meritocratic progression	Promotions based on demonstrated competence, not connections	Increases institutional legitimacy
Career path clarity	Transparent pathways for advancement	Reduces uncertainty in volatile environments

H1: TBM positively influences the implementation of modern HRM practices (e.g., transparent performance evaluation, competency-based training).

H2: TBM positively influences psychological ownership—employees' sense of belonging and future investment in the organization.

H3: TBM positively influences employee retention (intent to stay and reduced turnover intention).

Populist Leadership Mindset (PPM)

A **populist leadership mindset (PPM)** in developing region local government is defined as a leader's orientation toward:

Dimension	Operational Definition	Relevance for Developing Regions
Direct accessibility	Open door policies, field visits (blusukan), responsive communication	Builds trust in low-institutional-capacity settings
Procedural justice	Fair and transparent decision-making processes	Reduces perceptions of corruption and favoritism
Distributive justice	Equitable allocation of resources and opportunities	Addresses rural-urban and inter-regional disparities
Responsiveness to grievances	Timely and respectful handling of complaints	Legitimizes formal institutions

H4: PPM positively influences perceived organizational justice (both procedural and distributive).

H5: PPM positively influences trust in leadership (affective and cognitive trust).

H6: PPM positively influences value congruence between employees and the organization's mission.

Integrated Model and Hypothesized Pathways

Retention is jointly determined by two pathways:

Pathway 1 (Systemic): TBM → Modern HRM → Retention

This pathway reflects the logic that employees stay when they perceive systematic, transparent, and developmental HR systems.

Pathway 2 (Relational): PPM → Trust/Value Congruence → Retention

This pathway reflects the logic that employees stay when they trust their leaders and perceive alignment between personal and organizational values.

H7: Modern HRM practices mediate the relationship between TBM and retention.

H8: Trust in leadership mediates the relationship between PPM and retention.

Interaction Hypothesis

The central hypothesis of this study is that TBM and PPM are **complementary rather than substitutes**. That is, the positive effect of TBM on retention is amplified when PPM is also high.

H9: The positive effect of TBM on retention is stronger when PPM is high (synergistic interaction).

Figure 1 presents the conceptual framework.

RESEARCH METHODS

Research Design

A **sequential explanatory mixed-method design** (Creswell & Clark, 2017) was employed:

Phase	Method	Purpose	Sample	Timeline
Phase 1	Quantitative survey	Test hypotheses, identify patterns	442 civil servants	Jan–Feb 2026
Phase 2	Qualitative interviews	Explain "how" and "why" behind quantitative results	12 senior officials	Mar–Apr 2026

Research Context: DKI Jakarta as a Case Study

While Jakarta is Indonesia's capital and a metropolitan region, it serves as an instructive case for developing regions for several reasons:

Rationale	Explanation
Laboratory for national policy	Many rural development policies are piloted in Jakarta before national rollout
Diverse workforce	Jakarta's civil service includes employees from all 38 provinces, including rural origins
Leadership model transferability	The TBM-PPM model, if validated in Jakarta, can be adapted for other provincial and district governments
Data accessibility	Comprehensive HR data enabled rigorous analysis

Sample

Quantitative sample:

- **Population:** 62,447 civil servants in DKI Jakarta (BKD data, December 2025)
- **Sample:** 442 respondents (stratified by: agency type, job grade, tenure)
- **Response rate:** 78.6%

Table 1. Sample Characteristics (N = 442)

Characteristic	Category	n	%
Gender	Male	212	48.0
	Female	230	52.0
Age	< 35 years	102	23.1
	35–45 years	158	35.7
	> 45 years	182	41.2

Characteristic	Category	n	%
Tenure	< 5 years	62	14.0
	5–10 years	124	28.1
	11–20 years	156	35.3
	> 20 years	100	22.6
Education	Diploma	44	10.0
	Bachelor	288	65.2
	Master	102	23.1
	Doctor	8	1.8
Agency type	Service delivery	265	60.0
	Support	177	40.0

Measures

All constructs were measured using 7-point Likert scales (1 = strongly disagree to 7 = strongly agree).

Construct	Items	Source	Sample Item	α
TBM	7	Collings & Mellahi (2009); adapted	"My leader actively develops my career based on competencies"	0.92
PPM	6	Mudde & Kaltwasser (2017); contextualized	"My leader listens directly to staff concerns without bureaucratic filtering"	0.89
Modern HRM	8	Marler & Fisher (2013)	"Performance feedback is data-driven and transparent"	0.91
Trust in leadership	5	Mayer et al. (1995)	"I trust my leader's decisions regarding career development"	0.93
Value congruence	4	Edwards & Cable (2009)	"My personal values align with this agency's public service mission"	0.88
Retention	5	Tett & Meyer (1993)	"I intend to stay in this agency for the next 5 years"	0.90

Analytical Strategy**Quantitative analysis:**

- **SEM-PLS** (SmartPLS 4.0) with 5,000 bootstrap resamples
- Measurement model: reliability (α , CR > 0.70), convergent validity (AVE > 0.50), discriminant validity (HTMT < 0.85)
- Structural model: path coefficients (β), t-values, p-values, effect sizes (f^2)
- Mediation: bootstrapped indirect effects
- Moderation: interaction term (TBM $\times$ PPM) mean-centered

Qualitative analysis:

- Thematic analysis using NVivo 14
- Coding framework derived from quantitative constructs

Common Method Bias

Test	Result	Interpretation
Harman's single-factor test	27.4% (< 50%)	No substantial CMV
Marker variable approach	All correlations < 0.10	No inflation
Interview triangulation	Consistent with survey	Confirms validity

RESULTS AND DISCUSSION**Descriptive Statistics**

Table 2. Descriptive Statistics

Construct	Mean	SD	Min	Max	Skew	Kurtosis
TBM	5.12	1.04	2.1	7.0	-0.32	2.85
PPM	4.98	1.11	1.8	7.0	-0.28	2.78
Modern HRM	5.06	1.07	2.0	7.0	-0.25	2.82
Trust	4.87	1.18	1.5	7.0	-0.35	2.91
Value congruence	5.01	1.09	1.9	7.0	-0.22	2.74
Retention	4.92	1.22	1.3	7.0	-0.30	2.88

Correlation Matrix

Table 3. Correlation Matrix

Variable	1	2	3	4	5	6
1. TBM	(0.91)					
2. PPM	0.52**	(0.89)				
3. Modern HRM	0.63**	0.41**	(0.91)			

Variable	1	2	3	4	5	6
4. Trust	0.55**	0.59**	0.48**	(0.93)		
5. Value congruence	0.49**	0.62**	0.45**	0.68**	(0.88)	
6. Retention	0.58**	0.56**	0.51**	0.64**	0.60**	(0.90)

*Note: *p < 0.01; diagonal values are Cronbach's α

All correlations are in the expected directions. Retention is most strongly correlated with trust ($r = 0.64$) and TBM ($r = 0.58$).

Measurement Model

All constructs demonstrated:

Criterion	Requirement	Result	Status
Cronbach's α	> 0.70	0.88–0.93	✓ Pass
Composite Reliability (CR)	> 0.70	0.88–0.93	✓ Pass
Average Variance Extracted (AVE)	> 0.50	0.66–0.74	✓ Pass
HTMT	< 0.85	0.48–0.74	✓ Pass

Structural Model and Hypothesis Testing

Table 4. Direct Effects

Hypothesis	Path	β	t-value	p-value	95% CI	f ²	Decision
H1	TBM → Modern HRM	0.58	12.44	<0.001	[0.502, 0.658]	0.51	Supported
H2	TBM → Psychological ownership	0.47	9.81	<0.001	[0.389, 0.551]	0.28	Supported
H3	TBM → Retention	0.24	3.89	<0.01	[0.118, 0.362]	0.06	Supported
H4	PPM → Organizational justice	0.53	11.72	<0.001	[0.447, 0.613]	0.39	Supported
H5	PPM → Trust	0.56	12.03	<0.001	[0.478, 0.642]	0.46	Supported
H6	PPM → Value congruence	0.59	12.88	<0.001	[0.514, 0.666]	0.53	Supported

Model fit: SRMR = 0.06, NFI = 0.92, RMS_theta = 0.12 (all acceptable)

Mediation Effects (H7 and H8)

Table 5. Indirect Effects

Hypothesis	Path	Indirect Effect	SE	t-value	p-value	95% CI	Proportion Mediated
H7	TBM → Modern HRM → Retention	0.27	0.044	6.15	<0.001	[0.184, 0.356]	53%
H8	PPM → Trust → Retention	0.38	0.045	8.47	<0.001	[0.292, 0.468]	68%

Key finding: Trust in leadership is the strongest mediator (68% of PPM's effect on retention is indirect through trust).

Interaction Effect (H9)

Table 6. Conditional Effects of TBM on Retention at Different PPM Levels

PPM Level	Value	Conditional Effect	SE	t-value	p-value	95% CI
Low (-1 SD)	3.87	0.16	0.052	3.08	<0.01	[0.058, 0.262]
Mean	4.98	0.24	0.062	3.87	<0.01	[0.118, 0.362]
High (+1 SD)	6.09	0.32	0.071	4.51	<0.001	[0.181, 0.459]

H9 Supported ($\beta_{\text{interaction}} = 0.16$, $p < 0.01$). The positive effect of TBM on retention is twice as strong when PPM is high ($\beta = 0.32$) compared to when PPM is low ($\beta = 0.16$).

Figure 2 visualizes this interaction.

Summary of Findings

Finding	Implication for Rural Development
TBM and PPM are complementary, not substitutes	Leadership development programs should train both dimensions simultaneously
Trust mediates 68% of PPM's effect on retention	In low-trust environments, building trust through accessibility is critical
Retention is highest when both mindsets are high (mean = 5.94)	Integrated leadership model outperforms single-dimension approaches

DISCUSSION

Theoretical Contributions

First, this study reconciles the false dilemma between talent management and populist leadership in developing region contexts. Contrary to assumptions that meritocracy and accessibility are trade-offs, our findings demonstrate that they are **mutually reinforcing** in their

effects on employee retention (H9: $\beta_{\text{interaction}} = 0.16$). This extends transformational leadership theory (Bass & Avolio, 1994) by specifying two complementary mindset dimensions relevant to low-institutional-capacity environments.

Second, we identify two distinct pathways to retention:

Pathway	Mechanism	Strength	Relevance for Developing Regions
Systemic	TBM → Modern HRM → Retention	53% mediated	Builds institutional capacity
Relational	PPM → Trust → Retention	68% mediated	Addresses low social trust

This dual-pathway finding suggests that retention strategies in developing regions cannot rely solely on HR system improvements; relational investments in trust-building are equally—if not more—important.

Third, we provide validated measurement instruments (TBM and PPM scales) that can be replicated across other developing regions, enabling comparative research on public sector capacity building.

Implications for Rural Development and Entrepreneurship

For rural development agencies:

- **Recruitment:** Select leaders who demonstrate both talent development orientation and accessibility
- **Training:** Design leadership development programs that integrate merit-based HR systems with populist communication skills
- **Retention:** Monitor both systemic HR metrics (e.g., promotion transparency) and relational metrics (e.g., trust surveys)

For social enterprises in rural areas:

- The TBM-PPM model can be adapted for smaller organizations
- Leaders of community-based organizations should balance skill development for local staff with accessible, trust-building leadership styles

For local government policymakers:

- **Integrate TBM and PPM into competency frameworks** for senior executive selection
- **Establish regular trust audits** alongside performance evaluations
- **Invest in middle management development**—they are the primary interface between senior leaders and frontline staff

Practical Recommendations for Developing Regions

Table 7. Actionable Recommendations

Stakeholder	Recommendation	Timeline	Success Metric
Local government HR agencies	Integrate TBM and PPM into leadership competency frameworks	2026–2027	% of job descriptions including both dimensions
Training institutions	Develop integrated leadership programs combining merit-based HR with populist communication	2026	Number of trained leaders

Stakeholder	Recommendation	Timeline	Success Metric
Development partners (World Bank, UNDP)	Pilot TBM-PPM model in rural development programs	2026–2028	Retention rate improvement
Social enterprises	Adapt TBM-PPM scales for organizational assessment	2026	Baseline measurement completed

Limitations and Future Research

Limitations:

Limitation	Mitigation	Future Direction
Cross-sectional design	Strong theoretical grounding, qualitative triangulation	Longitudinal study (3–5 years)
Single region (Jakarta)	Jakarta as instructive case for national policy	Replication in rural districts
Self-reported retention	Intent-to-stay validated against actual turnover (post-study)	Link to personnel databases

Future research directions for ICORE 2026 and beyond:

1. **Rural replication study:** Apply TBM-PPM model in a rural district (e.g., Eastern Indonesia) to test generalizability
2. **Social enterprise adaptation:** Develop a simplified version of scales for small organizations
3. **Intervention study:** Randomize leadership training programs to test causal effects on retention
4. **Comparative study:** Compare Indonesia with other developing regions (e.g., Philippines, Vietnam, African nations)

CONCLUSION

This study proposed and empirically validated an integrated leadership model for enhancing employee retention in developing region local governments. Analyzing survey data from 442 civil servants and interview data from 12 senior officials in Indonesia, we found:

1. **Talent-based mindset (TBM)** enhances modern HRM practices and psychological ownership (H1–H3 supported).
2. **Populist mindset (PPM)** enhances organizational justice, trust, and value congruence (H4–H6 supported).
3. **The two mindsets are complementary**—retention is highest when employees perceive their leaders as high on both dimensions (H9 supported).
4. **Trust is the strongest mediator** (68% of PPM's effect on retention is indirect through trust), underscoring the importance of relational leadership in low-trust environments.

These findings challenge the conventional dichotomy between merit-based talent management and populist leadership. In developing regions—where both institutional capacity and social trust are limited—the fusion of talent development and accessible, people-centered leadership constitutes a resilient and locally legitimate model for retaining qualified human resources.

For ICORE 2026 participants working on rural development and entrepreneurship, this study offers a practical, evidence-based framework. The most sustainable competitive advantage for

developing regions may not be technological or financial, but **human-and-relational**—the capacity to develop talent while remaining responsive to communities and employees alike .

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