

The Impact of Talent Management on Employee Performance Mediated by Employee Engagement

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ABSTRACT

The study aims to analyze the impact of talent management on employee performance through employee engagement mediation. The data was collected from 84 employees working in the manufacturing area of Bekasi using questionnaires as a data collection tool. This research uses a quantitative approach with survey methods. Respondents were selected from manufacturing companies in the Bekasi region through purposive sampling techniques. The data collected will be analyzed using Structural Equation Modeling (SEM) techniques to test hypotheses and evaluate models. These findings show that the implementation of good talent management can improve employee performance through increased employee engagement. Employee engagement also mediates the relationship between talent management and employee performance

INTRODUCTION

Human resource management has been far more developed than ever before, where today processing performs more strategic functions than administrative functions. Organizational performance depends on individual performance or, in other words, individual performance will give power over organizational performance. Employee Performance is a dimension to measure the success of an organization in which an organization must be able to create high employee performance in order to maintain survival and a sustainable competitive advantage. The success of an organization in growing employee attachment will affect the performance produced by employees. The issue in this study is the importance of talent management and employee engagement in improving employee performance in manufacturing companies in the Bekasi region. In the manufacturing industry, employees play an important role in meeting production goals, ining product quality, and increasing company profits. Therefore, companies need to maintain and develop talented employees in order to meet the increasingly stringent demands of the market. In this study, it shows that when employees feel enthusiastic and satisfied with the work they do, it can be assured that employees already have a good engagement and motivate employees to increase their performance. It is also supported by Preko (2013) in its research showing the findings that there is a significant linear correlation between employee loyalty and employee attachment to employee performance.

Talent management is a systematic strategic effort planned by the company to use a set of human resource management practices that include employee acquisition and evaluation, learning and development, performance management, and compensation to attract, retain, develop and motivate employees. Tusang (2015) argued that there is a significant positive impact of talent management on employee engagement. These findings are produced through research that explores the understanding of talent management practices as strategies to influence employee attachments that significantly affect performance within an organization. Research conducted by Bhatnagar (2007) stated that when the workload given by the company to employees is low, the employee attachment in them is also as low as the opposite if the high workload indicates a high level of employees attachment.

According to Lewis (2006) in the wider scope, talent management also means how a company manages its resources ranging from the recruitment process, employee placement, job assessment, training and career development, until employees leave the company so that in the end the company's goals can be achieved. One of the goals is to improve employee performance. Mangusho, et.al (2015a) stated that through talent management practices such as job rotation, organizations are able to improve employee competencies that affect high employee performance achievements.

The phenomenon observed in this study is still the low level of employee performance in manufacturing companies in the Bekasi region despite the company has adopted talent management and employee engagement programs. This shows that companies still have difficulties implementing the

program effectively so there is a gap between expectations and reality. The problem of the research in this study is the lack of understanding of how talent management can affect employee performance and how employee engagement can mediate the relationship between talent management and employees performance in manufacturing companies in the Bekasi region.

Gap research in this research is still a lack of research that explores the relationship between talent management, employee performance, and employee engagement in manufacturing companies in the Bekasi region. So this research is expected to fill these gaps and provide a better understanding of the importance of talent management and employee engagement in improving employee performance in manufacturing companies in the Bekasi region.

In addition, gap research in this study is also related to the role of employee engagement as a mediator in the relationship between talent management and employee performance. Some previous studies have shown that employee engagement can mediate the relationship between factors such as leadership and motivation with employee performance. However, there is still a lack of research exploring the role of employee engagement as a mediator in the relationship between talent management and employee performance in manufacturing companies in the Bekasi region. Research by Allameh, et al (2014) showed a positive impact between attachments in employee performance. In this study, it shows that when employees feel enthusiastic and satisfied with the work they do, it can be assured that employees already have a good engagement and motivate employees to increase their performance. It is also supported by Preko (2013) in its research showing the findings that there is a significant linear correlation between employee loyalty and employee attachment to employee performance. Therefore, the research is expected to contribute to the development of management and organizational science as well as provide guidance for practitioners in the field of human resource management (HRM) in developing effective and sustainable talent management and employee engagement programs. In addition, the research is also expected to contribute to the development of research methodologies by testing the model of mediation between talent management, employee engagement, and employee performance.

There are several reasons why manufacturing companies in the Bekasi region were chosen as the object of research in this study. First, Bekasi is a fast-growing industrial area in Indonesia and has many manufacturing companies with a large number of employees. Therefore, Bekasi has become an interesting area for conducting research on human resource management in the manufacturing industry. Second, the manufacturing industry in Bekasi has high challenges and competition in terms of creating quality, efficient, and innovative products. This requires companies to have qualified and motivated employees, thus strengthening the relevance of research on talent management and employee engagement in improving employee performance.

THEORETICAL REVIEW

Employee performance

Employee performance is the measure of work output that is the comparison between the work performed with the standard of their workforce (Dessler, 2017). Performance is the result of an employee's ability to multiply with effort and support. Eventually, performance will decrease if one factor decreases or no (Mathis et al., 2015). Performance becomes an important measure in evaluating whether an organization is well run by the managers, by measuring the performance of employees then indirectly can be measured its impact on the organization's performance, because employee performance is a small picture of the overall performance of the organization. Employee performance is also often associated with the achievement of goals or performance standards set by the company, as well as paying attention to the behavior shown by employees in carrying out work tasks.

Talent Management

Talent management is a comprehensive and dynamic process for developing a group of people with the highest potential within an organization through directed and integrated development, the practice of which is carried out by the associated leaders within the company, relating to the activities of attracting employees who have talent, investigating them, empowering them and ining them (Budhwar & Bhatnagar, 2007). Talent management is a process that is carried out to ensure that key positions within the company can be filled internally in the first place, establishing a group of talent development centers consisting of a set of company human resources with high skills and qualifications (Mangusho et al., 2015b). According to Cappelli (2008), talent management is the process carried out by a company to anticipate and meet the company's needs for human resources. Getting the right people with the right abilities and skills and being placed in the right positions is a general definition of talent management. Talent management is a strategic approach aimed at identifying, attracting, developing and retaining talented employees within an organization with the aim of achieving competitive advantage and long-term success.

Employee Engagement

Schaufeli (2013) defines employee engagement as a construction consisting of cognitive, emotional, and behavioral aspects related to an individual's role in work. Albrecht (2010) defines employee engagement as the involvement, satisfaction, and enthusiasm of a person to work where when an individual plays a role in their work, they are bound and express themselves physically, cognitive, and emotional in performing their roles. From the understanding of these experts, it can be concluded that employee engagement is a condition in which employees feel psychologically engaged in their work, feel happy, have a sense of ownership to their job, feel connected to the organization, and have meaning and purpose in their job. This can improve the performance of employees and the productivity of the organization as a whole.

Hypothesis

The relationship between talent management and employee performance

Talent management is the process carried out by a company to attract, develop, and retain employees who have a good potential or talent in a particular field. In this case, talent management can influence employee performance. Karuri (2015), this study establishes that through talent management practices such as job rotation, organizations are able to improve employee competencies that affect the achievement of high employee performance. Further research conducted by Irtaimeh, et. al. (2016) revealed that the level of interest and implementation of Talent Management Strategies, Quality of Service, and Recipient Satisfaction Benefits have positive and significant results. It is also supported by Sadri et.al. (2015) where the results of its research show that there is a significant positive relationship between talent management to the performance of staff in the organization. Based on these findings, the hypothesis is as follows:

H1: Talent management influences employee performance

The relationship between talent management and employee engagement

Employee engagement is the condition in which employees feel motivated, engaged, and contribute to the success of the company. Talent management is the process of attracting, developing, and retaining employees who have a good potential or talent in a particular field. Sadeli (2015) also mentions that talent management practices and organizational culture affect employee engagement, while organizational support indirectly affects employee attachment where the organization's support dimension is the strongest dimension in the employee involvement variable. Alias, et.al. (2014) in his research showed talent management practices had a positive correlation with employee attachment. The research emphasizes the importance of engagement as a mediator of the relationship between human resources management and organizational performance in the context of talent management. Payambarpour (2015) in their research showed a link between management management indices and organizational performance, strategic management and organisational engineering, as well as employee and organization engineering attachments. Based on this, the hypothesis is as follows:

H2: Talent Management Impact on Employee Engagement

The relationship between Employee engagement and employee performance

Employee attachment plays an important role in achieving organizational goals, building effective teams, healthy interpersonal relationships between colleagues and managers, and a good working environment within an organization that improves employees. Allameh, et.al (2014), the results of this study showed a positive impact between attachments in employee performance. In this study showed that when employees feel enthusiastic and satisfied with the work done, it can be assured that employees already have a good attachment and motivate employees to increase their

performance. This was also supported by Mariza (2016), the findings in this study showed positive and significant motivation influence employee performance directly and indirectly through involvement as an intervening variable, motivation positively and significantly influences employee attachment, employee engagement positively. Preko (2013) showed that there is a significant linear correlation between employee loyalty, attachment and performance. Ramadhan (2014) in its questionnaire showed that employee engagement had a significant impact on employee performance with a total impact of 76.6%. Based on this, the hypothesis is as follows:

H3: Employee engagement influences employee performance

The relationship between Talent management to employee performance in employee engagement

Research conducted by Nzewi, et.al (2015) found that it argues that there is a positive influence between talent management and employee performance. The study concluded that talent management was significantly linked to employee performance. After data analysis, testing and hypothesis findings, the study concluded that the retention of high-performance employees through remuneration, recognition, achievement, adequate work content enrichment, work life balance, exciting and challenging tasks, harmonious employment relationships, satisfactory excellence will increase employee talent retention and commitment. In addition, it was concluded that talent management is a key determinant of business success and a competitive resource that forces organizations to re-test how they manage the huge potential of the top players. Employee well-being may not directly increase productivity, but it can increase commitment and help retain employees. Based on this, the hypothesis is as follows:

H4: Talent management influences employee performance in employee engagement

Framework

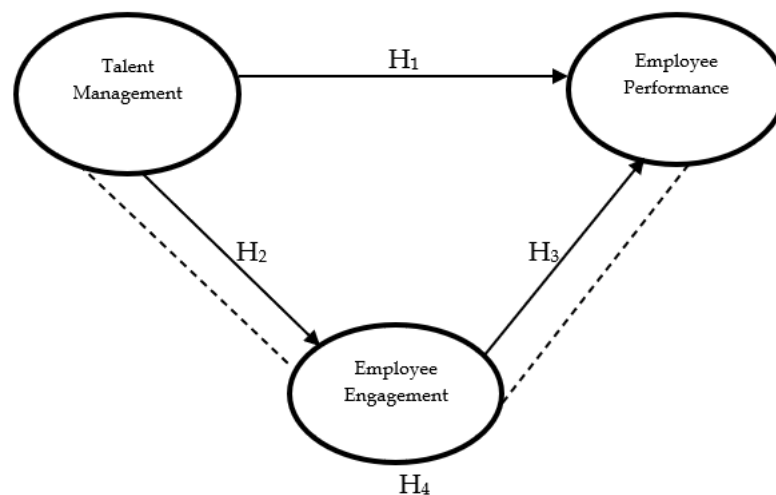


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a quantitative approach. Quantitative approaches start from an idea of the experts, the theoretical framework, or the understanding of the researcher based on their experience, then these things are developed into problems that are proposed to obtain justification or rejection in the form of empirical field data documents (Tanzeh, 2009) . In this study, the sampling procedure used is using probability sampler. The target population is taken from employees who work at manufacturing companies in the Bekasi region. The number of representative samples depends on the number of indicators from 5 to 10. The minimum number of samples for this study is 84. The analysis is done using SEM analysis with the Partial Least Square method to determine the relationship between the variables to be tested. Sampling is done through an online questionnaire using the website www.google_docs.com. The questionnaire used in this study used a likert measurement scale from scale 1 to scale 5.

RESULTS

Test Structural Model (Inner Model)

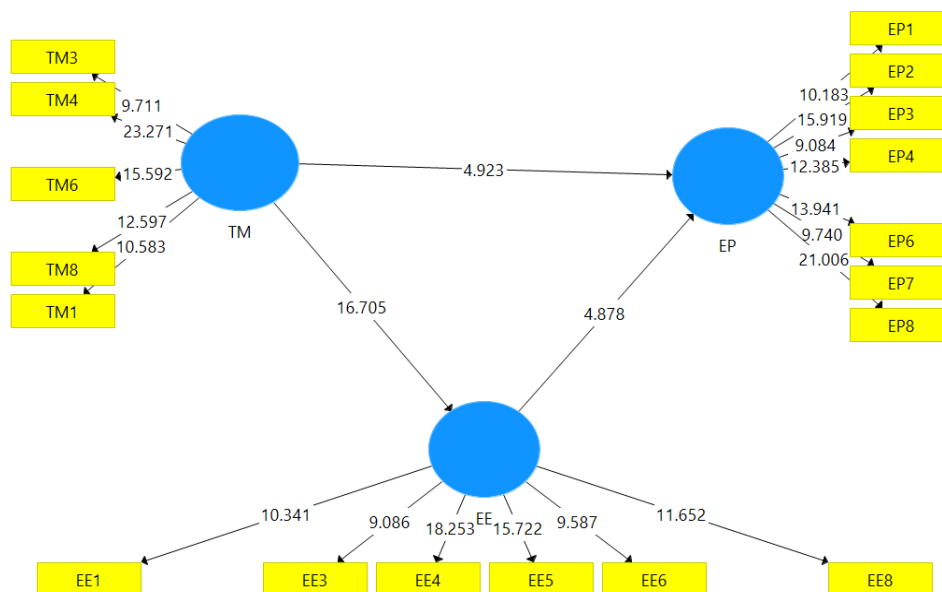


Figure 2. *Inner Model*

Test this is testing to a structural model with seeing score *R-square* which is the results of the *goodness of fit model test*, the relationship between construct and value significant from the model used in a study.

Structural Model Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
EE -> EP	0,472	0,471	0,097	4,878	0,000
TM -> EE	0,844	0,837	0,051	16,705	0,000
TM -> EP	0,469	0,467	0,095	4,923	0,000

Table 1. Path Coefficient
Source : PLS (2023)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
TM -> EE -> EP	0,398	0,396	0,091	4,364	0,000

Table 2. Specific Indirect Effect
Source : PLS (2023)

DISCUSSION

The impact of talent management on employee performance

Effective talent management can help select the right employees for the right tasks, provide the necessary training and development, and ensure employees have the tools and resources needed to employees' performance goals. With a good talent management system, employees can feel appreciated and recognized by the company, which in turn can increase their motivation and commitment to improve performance and the overall organization's goals. However, it should be remembered that the impact of talent management on employee performance depends on a number of other factors, such as the working environment, organizational culture, management support, and external factors. Therefore, the company must pay attention to all these factors in order to create a working environment that is conducive to optimum employee performance. Mangusho, et.al (2015a) stated that through talent management practices such as job rotation, organizations are able to improve employee competencies that affect employee high performance achievements. Karuri (2015) in their research also stated the same thing that Talent Management and components such as discovery, acceptance, development and retention significantly affect the performance of employees at Kargaran Wealth Bank, Tehran. Nzewi, et.al (2015) and Sadri et.al (2015) also support the results of previous research that there is a significant positive relationship between talent management versus employee performance.

The impact of talent management on employee engagement

Effective talent management can help create a positive working environment and motivate employees to continue to grow and common goals. This can increase employee confidence in the company and reduce turnover rates, thereby increasing employee engagement levels overall. However, keep

in mind that employee engagement is influenced by many other factors besides talent management, such as corporate culture, communication, work environment, and performance management. Therefore, companies need to look at these aspects holistically and consistently in order to increase the sustainable level of employee engagement. Research conducted by Alias (2014) and Ekhsan (2022) stated that talent management practices have a positive correlation with employee engagement. Sadeli (2015) found that both talent management practices and organizational culture can influence employee attachment, while organizational support indirectly affects employees attachment. The organization support dimension is the strongest dimension in the employee engagement variable. It is also supported by Payambarpour (2015) in its research stating that talent management management has a positive and significant impact on employee engagement.

The Impact of Employee engagement on employee performance

Employee engagement has a significant impact on employee performance. When employees feel emotionally and cognitively engaged in their work, they tend to be more enthusiastic, dedicated, and focused on their tasks. Engaged employees are also more likely to take the initiative and find ways to improve their performance, as well as feel more satisfied with their work. As a result, involved employees tend to have better performance, including higher productivity, better quality of work, and lower absence rates. In addition, involved employees are also more likely to stay working in the companies and develop their skills, thus providing long-term benefits to the organization. Therefore, it is important for the company to ensure that employees feel engaged and have the motivation to perform high. This can be achieved through a variety of ways, such as providing clear feedback and reward, offering opportunities for career development and training, and building a positive and inclusive work culture. Allameh, et.al (2014) in his research also showed a positive impact between attachments in employee performance. In this study showed that when employees feel enthusiastic and satisfied with the work done, it can be assured that employees already have a good attachment and motivate employees to increase their performance. Preko & Adjetey (2013) and Ramadhan (2014) also show that employee engagement has a significant impact on employee performance. The author's theoretical contribution to this study tested Schaufeli's (2013) theory in employee engagement variables where indicators consist of vigor, dedication, and absorption.

The impact of talent management on employee performance in employee engagement

Talent management is a concept related to managing the talent and competence of employees to improve the performance of the organization. In this context, talent management can influence employee performance through employee engagement as a mediator. With good talent management, employees will feel appreciated and engaged in the work they do. Employees who feel

engaged in work tend to have a higher level of motivation and deliver better work outcomes, thereby affecting employee performance positively. Employee engagement acts as a mediator in the relationship between talent management and employee performance because employee engagement is an important factor that affects employee performances. High levels of employee engagement can increase employee motivation and improve their performance. Thus, employee engagement can be a bridge that connects talent management with employee performance. In order to improve employee performance, organizations can make efforts to improve talent management and employee engagement. Such efforts can include rewarding and incentivizing performing employees, training and developing employees to enhance their competence, as well as developing a positive organizational culture to increase the level of employee engagement. This is consistent with Irtaimah, et.al (2016) showing that talent management has a significant influence on employee performance through employee engagement. Alias, et.al (2014) found this study based on the results of Pearson's correlation analysis that showed that talent management practices have a positive correlate with employee attachment. In addition, it was found that employee attachment has a positive correlation with employee performance.

CONCLUSIONS AND RECOMMENDATIONS

Based on the title of the research, the conclusion that can be taken is that talent management has a positive impact on the performance of employees in manufacturing companies in the Bekasi region, and this is mediated by employee engagement. In this context, talent management refers to a company's efforts to manage, develop, and retain employees who have the potential to make a significant contribution to the company. Employee engagement, on the other hand, refers to the level of employee engagement in their work and loyalty to the company. From the research, it can be concluded that by paying attention to effective talent management, companies can improve employee performance and encourage their involvement in employment. Employee engagement becomes an important mediator in the relationship between talent management and employee performance. However, to get a more accurate conclusion, it is also necessary to pay attention to the methods and samples used in the study. In addition, more extensive and in-depth research is also needed to find out to what extent talent management impacts employee performance and how best to increase employee engagement in manufacturing companies in the Bekasi region.

FURTHER STUDY

Research has shown that talent management practices can significantly impact employee performance, and this relationship can be mediated by employee engagement. To conduct further study on this topic, one could use a mixed-methods approach. This approach would involve both quantitative and qualitative research methods. The quantitative research method would involve collecting data from a large sample of employees to examine the relationship between talent management practices, employee engagement, and employee

performance. The data could be collected using surveys that are validated and reliable. The qualitative research method would involve conducting in-depth interviews with a smaller sample of employees to gain a deeper understanding of the impact of talent management practices on employee engagement and performance. The data collected from the interviews could be analyzed using thematic analysis.

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