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The Influence of Talent Management on Employee Performance : The Role Employee Engagement as Mediating Variable

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ABSTRACT

This study aims to analyze the effect of talent management on employee performance: the role of employee engagement as a mediating variable. In this study, the sample used was 42 respondents who were permanent employees of the Regional Office of the Directorate General of Treasury of Central Java Province. This research is a type of survey research with a quantitative approach and uses sensus method in sampling. This data collection technique uses a Likert scale of 1-5. Data analysis methods in using SPSS (Statistical Product and Service Solutions). The results of the study prove that there is a positive effect of Talent Management on Employee Performance, a positive effect of Talent Management on Employee Engagement, a positive effect of Employee Engagement on Performance, and a mediating effect of Employee Engagement on the relationship between Talent Management and Employee Performance at the Regional Office of the Directorate General of Treasury of Central Java Province.

Keywords: Talent Management, Employee Performance, Employee Engagement

1. Introduction

Human resources (HR) are a crucial component for all types of organizations, whether government institutions, companies, or social organizations. Amid rapid advancements in knowledge and technology during the current industrial revolution era, organizations are expected to quickly adapt to the dynamics of the business environment by providing optimal and productive responses. The improvement of the quality of human resources becomes a key factor in determining the success of an organization. Therefore, it is essential for organizations to manage human resources optimally through the application of well-planned management. Management itself is the process of planning and organizing designed to help an organization achieve its strategic objectives (Herliza,2023).

The importance of HR management also applies to the public sector, including the Regional Office of the Directorate General of Treasury (DJPb) in Central Java, an agency under the

Ministry of Finance of the Republic of Indonesia, which is strategically responsible for formulating policies related to budget implementation, cash management, and investment to support economic stability and growth.

To achieve organizational goals, the Regional Office of the Directorate General of Treasury (DJPb) in Central Java is committed to improving employee productivity by implementing policies aligned with the values of the Ministry of Finance, such as integrity, professionalism, synergy, service, and excellence. According to Irawati & Carollina (2017), employee performance includes results that meet the expectations set by the company. Factors affecting performance include individuals, leadership, teams, systems, and situations.

According to Dixit & Arrawatia (2018), talent management aims to increase productivity and competitiveness, while ensuring employees feel valued and motivated. Research by Nisa et al. (2016) shows that talent management has a positive impact on employee performance because the process of identifying, developing, and retaining talent that aligns with business goals results in superior human resources. Research by Mende & Dewi (2021) shows that talent management positively impacts employee engagement by providing career development opportunities.

Additionally, employee engagement plays a key role in supporting the effectiveness of talent management and human resource development, ultimately improving performance. Saks (2006) explains that engagement involves participation that affects satisfaction, commitment, and motivation, so engaged employees will be more productive, motivated, and ready to face challenges. This statement is further supported by research from Purnomo (2023), which indicates that employee engagement not only influences individual performance but also significantly impacts team performance, particularly with the support of commitment and organizational citizenship behaviors.

Based on the phenomena and differences in research findings above, this serves as the foundation for conducting more in-depth research on the elements influencing employee performance. Thus, this study not only provides an understanding of the importance of talent management but also highlights the role of employee engagement as a bridge between talent management and the achievement of optimal performance at the Directorate General of Treasury, Central Java Regional Office.

2. Literature Review

2.1 Talent Management

According to Darmin & Afifah (2011), talent management is a process that ensures a company places the right people in the right positions. It ensures that individuals are placed in important roles that have leadership potential and strengthen the company's key capabilities. Rampersad (2006) explains that talent management includes the efficient management of talent, succession planning, development, and encouraging employees to improve themselves to maximize their potential. Rizaldi (2020) adds that talent management involves managing talent based on performance, which can be assessed and differentiated according to demographic factors.

2.2 Employee Performance

According to Rivai (2011), performance is a measure of a person's success or overall achievement during a specific period of time while carrying out tasks. It is assessed based on various indicators, such as standardized results, goals, targets, or criteria that have been previously agreed upon. Meanwhile, Simanjuntak (2011) explains that performance refers to the outcome of completing a specific task. According to Panggabean (2002), performance is the result achieved by an individual in carrying out tasks, based on their skills, experience, and motivation to work diligently.

2.3 Employee Engagement

According to Saks (2006), employee engagement can be divided into two aspects: engagement with the job itself and engagement with the company. Job engagement is related to the fulfillment of psychological needs derived from the tasks performed at work, while engagement with the company involves motivation, including physical, cognitive, and emotional energy, which influences optimal performance (Rich et al., 2010). This suggests that highly engaged employees are more likely to remain loyal to the company and care about their assigned tasks. Work engagement is also a form of positive feeling that emerges when personal needs are met, accompanied by a sense of fulfillment. When personal needs are satisfied, employees experience pleasure towards their work and actively participate in activities (Schaufeli & Bakker, 2004).

2.4 Hypotheses Development

2.4.1 Talent Management on Employee Performance

According to Siagian (2020), the talent management process and employee performance are interconnected. Talent management plays a significant role in influencing employee performance within the company. It is one of the key factors that can impact employee performance. Employees with superior talent tend to develop proactive behaviors, which are positive habits that contribute to improved performance. Similarly, Novriyan (2023) found a positive and significant correlation between talent management and employee performance. This means that as talent management increases, employee performance also tends to improve. Therefore, talent management plays an essential role in contributing positively to the overall performance of the company.

Based on this, the following hypothesis is proposed:

H1 : Talent Management have a positive impact on Employee Performance

2.4.2 Talent Management on Employee Engagement

According to Armstrong (2006), Talent Management is a coordinated set of activities to attract, retain, motivate, and develop talented individuals needed by the organization. This approach aims to optimize employees' potential through identification, development, and retention, which enhances their engagement (Collings & Mellahi, 2009). Barkhuizen's (2014) research shows that talent management practices have a positive impact on employee engagement in the public sector. Based on this, the following hypothesis is proposed:

H2 : Talent Management have a positive impact on Employee Engagement

2.4.3 Employee Engagement on Employee Performance

Employees who feel engaged are those who truly have enthusiasm and passion for their work and the organization. Engagement reflects the intention and ability to contribute to the company's success (Fahrizal et al., 2020). According to a study by Pitaloka & Putri (2021), it was found that employee engagement has a significant positive impact on employee performance. This finding is also supported by previous research conducted by AL-Faiz & Indah (2023), which shows that employee engagement has a significant positive effect on improving employee performance.

Based on this, the following hypothesis is proposed:

H3 : Employee Engagement have a positive impact on Employee Performance

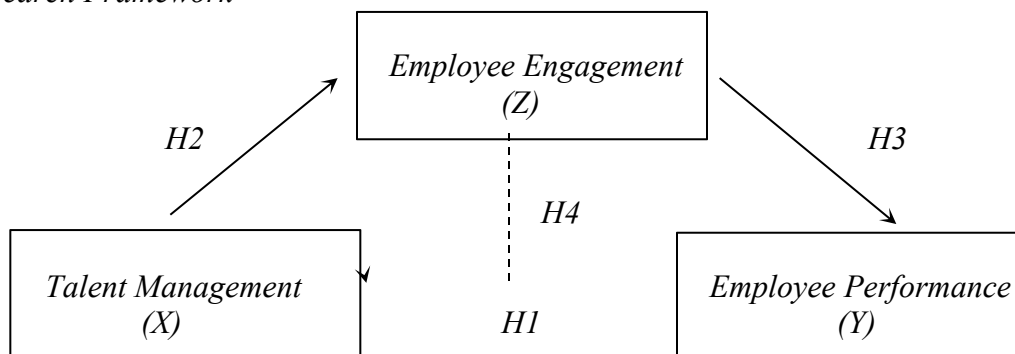
2.4.4 Employee Engagement mediates the relationship between Talent Management and Employee Performance

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Based on this, the following hypothesis is proposed:

H4 : Employee engagement has a positive and significant impact, mediating the relationship between Talent Management and Employee Performance.

2.5 Research Framework



3. Research Methodology

This study uses a quantitative approach with a survey method as the data collection technique. The population consists of all permanent employees at the Regional Office of the Directorate General of Treasury in Central Java Province. In this study, the sampling technique employed is non-probability sampling with a census or saturated sampling method, resulting in a sample of

42 employees. Data collection was conducted using a questionnaire, which was distributed online via Google Forms. In this method, data is gathered using research tools and then analyzed with statistical tools to test the hypotheses formulated earlier (Sugiyono, 2021). Meanwhile, a survey is a data collection method from respondents through a questionnaire, where the data obtained from the survey falls under the category of primary data (Adiyanta, 2019).

4. Results

4.1 Characteristics of Location

The Regional Office of the Directorate General of Treasury (DJPb) of Central Java is located in the State Financial Building (GKN), Jalan Pemuda No. 2, Semarang. The Regional Office of the Directorate General of Treasury is an echelon II unit under the Directorate General of Treasury within the organizational structure of the Ministry of Finance, and it is responsible for 15 Treasury Service Offices (KPPN).

4.2 Characteristics of Respondents

This research was conducted using a census method, resulting in a sample of 42 employees. Although the number does not fully represent the entire population of employees at the Regional Office of the Directorate General of Treasury in Central Java Province, this data is still suitable for further analysis.

4.2.1 Gender Characteristics

Table 4.1 Characteristics of Respondents

Gender	Number	Percentage
Male	26	61,9%
Female	16	39,1%
Total	42	100%

Based on Table 4.1, it can be seen that the number of male employees is higher than that of female employees. This indicates that the respondents in this research survey are predominantly male.

4.2.2 Age Characteristics

Table 4.2 Age Characteristics Testing

Age Range	Number	Percentage
21-30 Years	0	0%
31-40 Years	12	28.6%
41-50 Years	15	35.7%
51-60 Years	15	35.7%
Total	42	100%

Based on Table 4.3, it can be concluded that the majority of respondents have a length of service of 0–2 years, with a percentage of 42.9%. This indicates that most of the respondents who participated in the survey fall into this category of work duration.

4.3 Data Analysis

4.3.1 Validity Test

Based on the research, the number of respondents (n) is 42, so the degrees of freedom (df) = 42-2 = 40, with an r-table value of 0.2573. The results of the validity test show that the calculated r values for each indicator variable exceed the r-table value at a 0.05 significance level. Therefore, all variable statements are valid and can measure the concepts or variables being studied (Suliyanto, 2011).

4.3.2 Reliability Test

A variable is considered reliable if its Cronbach Alpha value is greater than 0.60 (Suliyanto, 2011). Based on the available data, all variables in this study meet the reliability criteria because their Cronbach Alpha values exceed 0.60.

4.3.3 Normality Test

Based on the research, the exact.sig (2-tailed) value is recorded at 0.171, which is greater than the probability value of 0.05 (0.171 > 0.05). This indicates that the research data follows a normal distribution. For data with small to medium sizes, the use of the exact.sig feature is considered more appropriate, while for medium to large-sized data, it is recommended to use the asymp.sig feature.

4.3.4 Multicollinearity Test

Based on the research, all variables show VIF values below 10 and Tolerance values greater than 0.10 (Suliyanto, 2011). Therefore, it can be concluded that the regression model used is free from multicollinearity issues.

4.3.5 Heteroscedasticity test

The heteroscedasticity test in this study was conducted using the Spearman's rho test. Based on the data test, it was found that the significance value for all variables was greater than 0.05. Therefore, it can be concluded that there is no indication of heteroscedasticity in the regression model used in this study (Suliyanto, 2011).

Table 4.3 Results of Simple Linear Regression Analysis

Variable	a	b	R Square	T	Sig
Talent Management on Employee Performance	17,261	0,197	0,150	2,662	0,000
Talent Management on Employee Engagement	23,964	0,684	0,337	4,513	0,000
Employee Engagement on Employee Performance	7,091	0,359	0,691	9,451	0,000

In hypothesis testing, the method used is simple linear regression analysis. This approach aims to

evaluate the extent and direction of the relationship between the independent and dependent variables (Suliyanto, 2011). Through the application of simple linear regression analysis, this study is able to develop an equation that describes the results of the hypothesis testing as follows:

Tabel 4.4 Hypotesis Results

Hypotheses	Results
Talent Management have a positive impact on Employee Performance	Accepted
Talent Management have a positive impact on Employee Engagement	Accepted
Employee Engagement have a positive impact on Employee Performance	Accepted
Employee Engagement has a positive and significant impact, mediating the relationship between Talent Management and Employee Performance.	Accepted

Table 4.5 The results of the Multiple Regression Analysis Test.

Variable	F	b	SEb	Sig
Talent Management and Employee Engagement on Employee Performance.	46,442	0,395	0,046	0,000

Based on the calculation using the Sobel Calculator, the obtained value of Zhitung is 4.00651154, which is greater than Ztabel 1.96 at a significance level of 0.05. This indicates that the mediation coefficient of 4.007 is significant (Suliyanto, 2011). However, with an Unstandardized Coefficient value of c' at (-0.073), which remains significant with α at (0.000), it is considered partial mediation. Therefore, it can be concluded that employee engagement partially mediates the relationship between talent management and employee performance.

5. Discussion

5.1 Talent Management have a positive impact on Employee Performance

The results of this study show that talent management has a positive and significant impact on employee performance, consistent with the research by Masri and Suliman (2019). Based on employee responses, the recruitment strategy at the Ministry of Finance is considered effective in attracting talented staff, with competitive salaries and a clear career system as additional attractions. The highest scores were found in statements TM 3 and TM 5, indicating that the talent management program at the DJPb Office in Central Java has been well implemented, with talent development aligned with organizational strategy and providing equal opportunities, which has a positive impact on both employee and organizational performance.

5.2 Talent Management have a positive impact on Employee Engagement

This study shows that talent management has a positive impact on employee engagement, consistent with the findings of Mende and Dewi (2021). Programs such as transparent recruitment, recognition of contributions, and clear career development help employees feel valued and emotionally connected to the organization. This creates an environment that supports employees to work efficiently, which in turn increases their engagement. Investing in talent development is crucial for enhancing productivity, commitment, and job satisfaction, as well as supporting the overall success of the organization.

5.3 Employee Engagement have a positive impact on Employee Performance

This study shows that employee engagement has a positive impact on performance, consistent with the findings of Eschleman et al. (2014). At the Central Java DJPb Office, high engagement, particularly in terms of vigor, contributes to better performance. Employees feel motivated, proud, and focused, which improves their work efficiency. Recognition and a supportive work environment further enhance engagement, leading to higher job satisfaction and improved performance.

5.4 Employee Engagement has a positive and significant impact, mediating the relationship between Talent Management and Employee Performance.

This study shows that employee engagement strengthens the link between talent management and performance. Effective talent management, including recruitment, career development, and equal opportunities, creates a supportive environment where employees feel valued and motivated. This boosts their skills, efficiency, and engagement, leading to better performance. Engagement, including emotional involvement, enhances commitment, proactivity, and innovation, contributing significantly to the organization's success. Employee engagement not only bridges talent management and performance but also strengthens overall organizational success.

6. Conclusion

This study examines the impact of talent management programs on employee performance, with employee engagement as a mediating factor. The results show that talent management has a positive and significant effect on both employee performance and engagement. Additionally, employee engagement positively mediates the relationship between talent management and employee performance.

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