EXAMINING THE INTERPLAY OF TALENT AND KNOWLEDGE MANAGEMENT IN SHAPING EMPLOYEE PERFORMANCE: A STUDY ON SURABAYA INTERNATIONAL AIRPORT

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Abstract

Managing talented employees is important to encourage companies to compete domestically and internationally. Likewise, knowledge can increase employees to be more productive so as to achieve maximum performance. The purpose of this research is to determine the impact of Talent Management and Knowledge Management on the performance of employees of PT Angkasa Pura I Juanda Surabaya, which is engaged in airports. This research uses a quantitative approach that applies questionnaires and interviews as data collection techniques. The population studied amounted to 52 supervisors and the sampling method used a saturation sampling approach. The analysis technique applied in this research is Partial Least Square (PLS). The results in this research indicate that Talent Management and Knowledge Management contribute positively to the performance of employees of PT Angkasa Pura I Juanda Surabaya.

Keywords: Employee Performance, Knowledge Management, Talent Management

1. INTRODUCTION

Airports have an essential role in connecting and bringing people together in various parts of the world. Good service can be applied if supported by maximum employee performance. In Indonesia, 38 airports are operated and managed by PT Angkasa Pura I and II, which are State-Owned Enterprises (SOE). The airport is a functional organization that manages efforts to provide air transportation services that are integrated, accepted, affordable, and fair for the community. The PT Angkasa Pura I Juanda International Airport Surabaya was the third busiest airport in Indonesia and the 8th in Southeast Asia in 2022. Even in 2020, Juanda International Airport Surabaya was in second position in Indonesia. Airports as a facilitator for air transportation have developed rapidly during the recovery period after the COVID-19 pandemic. Therefore, many parties are aware of the importance of employee capabilities after determining this virus case from pandemic to endemic. Therefore, employees are encouraged to recover in the organization. Ensuring employee efficiency is crucial for achieving organizational objectives. By combining a talent management system with knowledge management, employee performance can be enhanced (Nurung et al., 2023). To achieve optimal performance, having a solid understanding of the task at hand is crucial. Furthermore, it can be beneficial for employees to seek out additional knowledge that can aid them in their work.

The focus of Knowledge Management (KM) is on developing plans to recognize, gather, share, produce, and apply knowledge within an organization (Tan, 2015). According to Budiharjo (2017), Knowledge Management (KM) is a strategic plan to enhance organizational abilities by effectively managing appropriate information to achieve optimal organizational performance. Additionally, Effective knowledge management is a crucial component of organizational learning and plays a significant role in gaining a competitive edge (Sukarno & Kustini, 2018). It is crucial to disseminate knowledge across all levels of management within an organization. This can lead to fresh perspectives and enhance the abilities of employees, ultimately improving their performance. However, based on the data shown on figure 1., according to PT Angkasa Pura I Juanda Surabaya, there seems to be a lack of motivation to utilize the Learning Management System (LMS) to share...
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knowledge. If implemented to its fullest potential, it can greatly elevate organizational performance.

Figure 1. Average Learning Time YoY (in Hours)

Source: Information and Documentation Officer PT Angkasa Pura I

A consulting group from McKinsey put forward a phenomenon called the "War for Talent" and revealed a basic belief that talent is needed to achieve organizational excellence (Berrell et al., 2008). The existence of the War for Talent signals the emergence of talent management as a distinct area of focus for organizational leaders and human resource professionals alike (Vaiman et al., 2021). This makes organizations need to carry out the right strategy to get, keep, and develop employees, especially in strategic positions. In a McKinsey article presented by Keller (2017), it is mentioned that it is so important to get the right talent because if companies or organizations are able to get superior talent, then they will be much more productive up to eight times. Effective talent management is crucial for organizations, particularly those operating on large scale organizations (Rabbi et al., 2015). Thus, Effective talent management is crucial for shaping and enhancing organizational conditions. Furthermore, it needs to be considered that talent managers take an active role in developing their talent to ensure that they meet the organization's current and future needs (Singh, 2021). The process of talent management can be conducted at different levels of management or within specific functional areas that have employees reporting to them. However, in PT Angkasa Pura I Juanda International Airport Surabaya, there are limitations in the talent management process. One of the areas impacted is the recruitment process, which is currently being handled by the head office. Thus, the company appears to have limited options for filling strategic positions, as they seem to rely on moving existing employees from one role to another.

The authors aim to offer an overview, but the available references are still limited, particularly regarding the correlation between talent management and knowledge management. There still needs to be more research on talent management and knowledge management in the SOE sector in the airport industry. It has been established through numerous studies that there is an indisputable correlation between talent management and employee performance (Choirun et al., 2016a; Divya Malika & Aminuddin Irfani, 2022; Febriani, 2012; Kravariti et al., 2022; Neha, 2019; Rabbi et al., 2015; Sen et al., 2023) and knowledge management to employee performance (Hsiao et al., 2011; Okoli et al., 2023; Pinasti & Nurdin, 2022; Tan, 2015). However, writing in the SOE sector, particularly in the airport industry, needs to be more frequent. The authors were investigating the correlation between talent management and knowledge management on employee performance at Juanda International Airport Surabaya. The airport is involved in providing air transportation services. The study is based on the Talent-Based Theory which examines how companies manage their human resources to accomplish organizational goals and gain competitive advantages (Rabbi et al., 2015).
2. LITERATURE REVIEW

Talent management involves a series of tasks related to recruiting, selecting, nurturing, and retaining top-performing personnel in critical positions (Scullion & Collings, 2011). Thunnissen & Buttiens (2017) assert that talent management is a range of practices within the HR department that addresses the equitable treatment and reinforcement of the attraction of all employees through the adoption of employee development, engagement, and retention practices. The companies to gain a competitive edge. It is essential that they possess the capability to identify individuals and skills that have the potential to add value to their organization. According to Pella & Afifah in Winarsih (2022) The goal of talent management is to make sure that the company has access to skilled employees and that they are assigned to the appropriate role and schedule according to the company's strategic plan. There are numerous advantages to incorporating talent management in a company, including improved employee engagement and retention, increased productivity, a positive work culture, and much more (Ballesteros et al., 2009).

A long-term process practice that targets getting the right person for the right position at the right time is the definition of talent management proposed by Cappelli & Keller (2014). The process includes workforce planning, succession planning, employee development, and career management. Various previous studies have been conducted and show that talent management has a significant effect on performance (Bethke-Langenegger et al., (2011); Heinen & O’Neilll, (2004); Rabbi et al., (2015); Singh, (2021); Febriani (2012); Malika & Irfani (2022); Setiawan, (2019)).

State-Owned Enterprises, or BUMNs, were also studied by Choirun et al., (2016) and showed a significant influence between talent management and company performance.

H1: Talent management has a significant and positive effect on employee performance

Knowledge Management (KM) emphasizes developing strategies that help organizations effectively identify, collect, create, disseminate, and utilize knowledge (Tan, 2015). Although there are various explanations of the knowledge management process, some terms emphasize the more primary and fundamental roles of others such as knowledge generation, storage, transfer, and application (Gao et al., 2018). However, according to Becerra in Nurung et al., (2023) There are four measurements of knowledge management including: knowledge discovery, knowledge capture, knowledge sharing, and knowledge application. Additionally, according to Budihardjo (2017) considers Knowledge Management (KM) as a strategic approach to enhance organizational capabilities by effectively managing relevant information to achieve optimal organizational performance.

Companies must develop innovative systems in today's global market to remain competitive. These systems should collect, integrate, and store important information while also providing opportunities for participation. This is where Knowledge Management (KM) comes in, as it supports organizational success (Okoli et al., 2023). Knowledge Sharing is a crucial component of KM, which involves exchanging information between employees and stakeholders within a business unit or association. (Nurpratama, 2016) found interesting results, specifically that technology plays a substantial role in supporting the knowledge management process. In addition, research conducted by Choirun et al., (2016); Damayanti Muli & Sukarno, (2023); Mantow & Nilasari, (2022) all found that knowledge management contributes to improving employee performance. Thus, it is clear that implementing effective KM strategies can have a significant impact on a company's success.

H2: Knowledge management has a significant and positive effect on employee performance

Employee Performance

The performance of an employee is affected by several factors, including their level of contribution to the organization in terms of quantity and quality of work, adherence to schedules,
promptness in participating in work activities, and having a cooperative attitude (Mathis, 2000). Creating a successful performance requires effort and a strong foundation from the organization. It cannot be achieved automatically and is crucial for surviving in the competitive global business environment (Rahmat Hakim, 2014). According to Bastian (2019), performance refers to an organization's level of achievement. It reflects how well an activity, program, or policy has been implemented and how closely the performance aligns with the vision, targets, goals, and mission of the organization. Furthermore, according to Bernardin & Russel in Yuliaty (2021) have the belief that performance becomes visible during the work process when measurements are taken over a specific period. These measurements consider various factors such as quality, quantity, timeliness, cost-effectiveness, need for supervision, and interpersonal impact.

3. METHOD

In this study, a quantitative approach was employed. A Likert scale was utilized as a tool for measuring variables, while questionnaires and interviews were employed as data collection techniques. The population of the study comprised of 52 supervisors of PT Angkasa Pura I Juanda Surabaya. The sample was determined using the saturation sampling method, which involved using the entire population as a sample. For this study, the SmartPLS application serves as the analytical tool for data analysis. The SEM (Structural Equation Modeling) approach is utilized to conduct the data analysis.

3. RESULTS AND DISCUSSION
3.1 Outer Loading Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Parameters</th>
<th>T Statistics</th>
<th>Parameters</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Management</td>
<td>TM1</td>
<td>0.884</td>
<td>0.5</td>
<td>33,806</td>
<td>0.5</td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>TM2</td>
<td>0.697</td>
<td></td>
<td>9,265</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>TM3</td>
<td>0.846</td>
<td></td>
<td>19,450</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>TM4</td>
<td>0.773</td>
<td></td>
<td>10,394</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>TM5</td>
<td>0.791</td>
<td></td>
<td>10,701</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>KM1</td>
<td>0.929</td>
<td></td>
<td>32,610</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>KM2</td>
<td>0.918</td>
<td></td>
<td>28,149</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>KM3</td>
<td>0.905</td>
<td></td>
<td>25,916</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>KM4</td>
<td>0.898</td>
<td></td>
<td>26,886</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>EP1</td>
<td>0.865</td>
<td></td>
<td>20,379</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>EP2</td>
<td>0.840</td>
<td></td>
<td>19,136</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>EP3</td>
<td>0.839</td>
<td></td>
<td>22,176</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
<tr>
<td></td>
<td>EP4</td>
<td>0.699</td>
<td></td>
<td>5,070</td>
<td></td>
<td>Valid &amp; Significant</td>
</tr>
</tbody>
</table>
Based on the results of the Outer Loading table above, all reflective indicators on the Talent Management, Knowledge Management, and Employee Performance variables show a factor loading value more than 0.50 and or significance (T-Statistic value more than the Z value $\alpha = 0.05$ (5%) = 1.96, thus the estimation results of all indicators have met Convergent Validity or Good Validity and Significant. From the table 1., we can observe that each Indicator has a value of Factor Loading in the output of PLS. Based on the values shown, we can conclude that the Succession Planning (TM1) indicator for the Talent Management variable has a value of 0.884, indicating that it has the most influence on the Employee Performance variable. Similarly, the Knowledge Discovery (KM1) indicator of the Knowledge Management variable has a value of 0.929, which makes it the most influential indicator of the Knowledge Management variable on Employee Performance.

### 3.2 Discriminant Validity

To measure the amount of indicator variance present in the latent variable, we use the Average Variance Extracted (AVE) value. For a model to be considered good, each construct's AVE value must be greater than 0.5. In this study, the Talent Management variable has an AVE score of 0.641, Knowledge Management has 0.833, and Employee Performance has 0.663. All of these values are above 0.5, indicating that the variables in this study are of good quality.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Management</td>
<td>0.641</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.833</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.663</td>
</tr>
</tbody>
</table>

Source: Data Compiled by Author

### 3.3 Composite Reliability

To determine reliability, the composite reliability value of a construct is measured. A value above 0.70 indicates that the construct is reliable and the indicator is consistent in measuring the latent variable. In this study, the Talent Management variable showed a composite reliability of 0.899, the Knowledge Management variable showed a composite reliability of 0.952, and the Employee Performance variable showed a composite reliability of 0.907. All three variables had composite reliability values above 0.70, indicating that they are reliable.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Management</td>
<td>0.899</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.952</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.907</td>
</tr>
</tbody>
</table>

Source: Data Compiled by Author
3.4 Inner Model Test
To test the structural model, the R-square value examined, which measures how well the model fits the data. Inner model testing involves evaluating the R-square value in the equation between latent variables. The R² value indicates the extent to which the exogenous (independent) variables in the model can explain the endogenous (dependent) variables.

Table 4. R Square Analysis

<table>
<thead>
<tr>
<th>Variable (Independent)</th>
<th>R-Square</th>
<th>R-Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.547</td>
<td>0.528</td>
</tr>
</tbody>
</table>

Source: Data Compiled by Author

Analysing the R-Square value in the relationship between latent variables can be used for inner model testing. R² explains the impact of the exogenous (independent) variables on the endogenous (dependent) variables in this model. The R² value obtained is 0.547, which means that this model can explain 54.7% of the phenomenon of Employee Performance (EP) influenced by the independent variables Talent Management (TM) and Knowledge Management (KM). The remaining 45.3% is explained by other variables outside of Talent Management and Knowledge Management.

3.5 Hypothesis Analysis

Table 5. Hypothesis Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path Coefficient</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management -&gt; Employee Performance</td>
<td>0.432</td>
<td>2.681</td>
<td>0.008</td>
</tr>
<tr>
<td>Talent Management -&gt; Employee Performance</td>
<td>0.361</td>
<td>2.146</td>
<td>0.032</td>
</tr>
</tbody>
</table>

Source: Data Compiled by Author

Hypothesis 1: Knowledge Management has a significant positive effect on Employee Performance, can be accepted with Path Coefficients of 0.432 and a T-Statistic value of 2.681 greater than the value of Za = 0.05 (5%) = 1.96, then Significant (positive). Hypothesis 2: Talent Management has a significant positive effect on Employee Performance, can be accepted with Path Coefficients of 0.361 and a T-Statistic value of 2.146 greater than the value of Za = 0.05 (5%) = 1.96, then Significant (positive).

3.6 Discussion
The Effect of Talent Management on Employee Performance
After conducting research, the authors discovered that Talent Management positively impacts PT Angkasa Pura I Juanda Surabaya employees’ performance and is accepted. Descriptive analysis of Talent Management variables revealed that Succession Planning has the greatest influence on employee performance. This means that strategic positions must be filled immediately or undergo continuous regeneration, preventing double jobs and keeping employees focused. To prevent the increased vacancy in strategic positions within the company. Businesses have various options to improve employee engagement and retention. Strategies such as coaching, team-building activities, and collaborative projects can positively impact employee engagement, which in turn can benefit talent management efforts. By implementing such initiatives, businesses can reduce the likelihood of employees leaving the organization because of their engagement to company (Shuck et al., 2014). Additionally, employees feel more productive when strategic positions are always filled, leading to improved performance. Vacancies in certain positions may be due to unmet qualifications or job specifications. This research is in line with that conducted by Febriani (2012);
Malika & Irfani (2022); Setiawan, (2019)) concluded that there is a positive influence of Talent Management on Employee Performance.

The Effect of Knowledge Management on Employee Performance

Based on the results of the research conducted, researchers found that Knowledge Management has a significant positive effect on the performance of employees of PT Angkasa Pura I Juanda Surabaya and can be accepted. The results of descriptive analysis of Knowledge Management variables show that the indicator that has the strongest influence on the performance of employees of PT Angkasa Pura I Juanda Surabaya is the Knowledge Discovery indicator. It is important for employees to enhance their knowledge through personal experience, learning media, and interactions with coworkers. Organizations should foster a culture of learning in the workplace to encourage continuous knowledge growth and provide new insights for employees. To enhance employee performance and increase the company's competitiveness, it is essential to motivate employees to use the available resources such as the Learning Management System (LMS). The company must also optimize the platform to make it more appealing to employees. This way, employees can acquire extensive knowledge, which can translate into better job performance and contribute to the overall success of the company. This study aligns with research conducted by Choirun et al., (2016); Damayanti Muli & Sukarno, (2023); Mantow & Nilasari, (2022) which concluded that Knowledge Management has a positive and significant impact on Employee Performance.

4. CONCLUSION

Managing employees in order to achieve maximum performance and quality can be a challenge for companies that serve thousands of customers within a certain period. To ensure the organization achieves the best and maximum output, it is crucial to focus on fulfilling strategic positions with capable individuals who can drive the company's success. Additionally, employee knowledge and capabilities play a vital role in supporting daily work and overall performance. After reviewing the research and discussion, it is clear that talent and knowledge management both have a positive impact on employee performance. When a company correctly implements talent management, employees are able to perform well. Additionally, maximizing knowledge management can also positively influence employee performance. Furthermore, the talent management aspect can be encouraged more on the succession planning indicator, minimizing vacancies in the organization so that employees are able to work optimally and avoid piles of work or "double jobs" due to vacant strategic positions. In addition, to avoid these vacancies, companies can also increase employee involvement, whether in carrying out tasks or just activities or light projects, so that employees are stimulated to collaborate. Thus, employees' sense of attachment causes them to not quickly leave the organization and choose to stay in it for a longer time. In order to promote learning among employees, it is advisable to utilize the existing media within the company, such as the Learning Management System (LMS). Creating a learning culture can also be achieved by organizing peer-to-peer learning and coaching sessions in every department. This approach will encourage employees to seek and acquire new knowledge that will enhance their performance in executing their daily work tasks. Ultimately, the performance aspect shows a dominance on quality, employees are encouraged to improve the quality of their work as a result of the implementation of talent management and knowledge management that applies in the company such as adhering to protocols and work quality.
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