

THE EFFECT OF TALENT MANAGEMENT ON BANK INDONESIA EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AND WORK ENGAGEMENT AS MEDIATING VARIABLES

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Abstract

Talent management, job satisfaction and employee work involvement are important factors for improving the performance of Bank Indonesia employees. Talent management is a series of processes for identifying, retaining and placing the right people in the right place. Job satisfaction is a pleasant emotional response that arises from employees' assessment of resources and the organization. Meanwhile, work engagement is the relationship between employees' attachment to their organization as an important work result which causes job satisfaction, extra-role performance, organizational commitment, lower intention to go home and be late, and lower levels of absenteeism. This research aims to examine the factors that influence the performance of Bank Indonesia employees. The data in this research is primary data in the form of input questionnaires, which were distributed to 150 Bank Indonesia employees. Data analysis was carried out using structural equation modeling and Amos. The research results found that talent management has a significant effect on job satisfaction, work engagement and employee performance. Then job satisfaction and work involvement were also found to influence employee performance. Job satisfaction and work engagement were found to act as mediating variables in the relationship between talent management and employee performance.

Keywords: *talent management, job satisfaction, work engagement, employee performance*

1. INTRODUCTION

Employee performance is the level of employee work results in achieving the job requirements given. Employee performance is something that needs to be considered quite seriously by the organization, because employee performance with various aspects in it will have a direct impact on the overall performance of the organization. Theoretically, performance can be interpreted as a work result achieved by a person in carrying out his duties based on the skills, efforts, and opportunities provided by the organization (Helmi & Abunar, 2021). Performance is very important in an organization to achieve its goals. To achieve these goals, the organization needs to hold certain work standards within the organization. Work standards explain the levels of performance expected, and are goals or targets that have been previously set.

Various obstacles will certainly be encountered by employees in carrying out their duties in the organization to produce high performance and be well received by the organization. The high and low performance of an organization is largely determined by various resources including human resources. Compared to other resources, human resources or employees have a more dominant role in the organization including in controlling other resources so that they can have a productive impact on the organization. This also occurs in the Bank Indonesia Representative Office of Lhokseumawe. Many factors can affect employee performance such as talent

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management factors, employee engagement and employee satisfaction. This study will only focus on these three factors which are assumed to affect the high or low performance of Bank Indonesia Lhokseumawe Representative employees. Conceptually, talent management was introduced by McKinsey Consultants, in a book entitled *The War for Talent* in 1998 (Al Aina & Atan, 2020). Talent management can mean orienting, identifying, evaluating, and/or developing an organization's internal talent (Al Aina & Atan, 2020). Meanwhile, according to (Goestjahjanti et al., 2020), talent management is a planned and structured approach to managing human resources so that talented people consistently achieve performance and productivity for the organization. To make it part of talent management and strategic workforce planning, efforts have been made to retain, develop, attract, and reward employees (Dixit & Arrawatia, 2018). Previous studies on the issue of talent management were found to have a significant influence on the performance of Bank employees (Arifin et al., 2023). The results of research on the Nigerian banking industry, (Ugwu & Osisoma, 2017), showed that there was a significant relationship between Talent Management and organizational performance. In their study, they recommended that organizations assist employees in the process of employee talent development programs to improve employee performance and organizational performance. Talent management is a core functional unit of an organization, and to improve employee productive performance (Dixit & Arrawatia, 2018).

In addition to talent, the factor of active employee involvement in organizational activities is also closely related to the increasing performance of Bank Indonesia Lhokseumawe Representative employees. Theoretically, employee engagement is employee involvement through the features: enthusiasm, dedication, and absorption (Nguyen & Nguyen, 2023). Meanwhile, according to (Abdelwahed et al., 2023), the concept of work engagement refers to the extent to which employees relate to their work as their whole life, so that an employee who shows high work engagement strongly identifies with his work and even thinks about the work when outside of work. Several empirical evidences such as (Carter et al., 2011; Dajan, 2015) and (Prentice et al., 2023), show that there is a positive and significant relationship between employee engagement and employee performance. Employee work engagement has a significant influence on Employee Performance (Wahyudi et al., 2022). In contrast to this study, several other studies such as the results of the (Satata, 2021) literature review, from 2013 to 2020 show that employee engagement affects employee performance so that organizational goals can be achieved. Several other empirical studies such as (Ajitha & Ramya, 2023; Bajaj, 2022; Supriyanto et al., 2021) state that organizations use different approaches to remain competitive in improving employee performance and organizational performance, including work engagement strategies.

Furthermore, employee satisfaction is a determining factor for success for all organizations, including banking organizations. Increasing employee satisfaction has a positive impact on employee performance and increasing organizational productivity (Cik et al., 2021). In various literatures, job satisfaction is viewed as an attitude, feeling, or perception (Tewal et al., 2021). Theoretically, job satisfaction is a positive or negative feeling expressed after evaluating one's expectations of organizational agreements (Inayat & Jahanzeb Khan, 2021). Meanwhile, according to (Achmad et al., 2023), job satisfaction as defined by Locke (1976) is a satisfying or pleasant emotional state caused by the evaluation of one's work or professional experience. Several other studies that are different from this study are studies that test the involvement of job satisfaction on employee performance by including other factors in the study process. However, in this study, the issue of satisfaction is used as a mediating factor in the relationship between talent management and employee engagement factors. Job satisfaction acts as a mediating variable in the indirect influence of talent management and job engagement on employee performance (Nguyen & Nguyen, 2023; Salleh et al., 2024). Then other studies show millennial employee job satisfaction as a mediator of various factors on employee performance in Batam City, Indonesia (Indrayani et al., 2023). This study on satisfaction implies that management practices must be sharply focused on improving performance through mediation of job satisfaction in the Yemeni banking industry (Almuayad & Chen, 2024). The author's initial survey of several employees at the Banda Aceh,

Lhokseumawe and Medan representative offices showed that employees were not yet satisfied with the talent management program and employee work engagement carried out by the organization. This is because the talent management program has not been implemented comprehensively for all employees in each work unit and position. This phenomenon can practically affect the level of employee satisfaction with the organization, especially related to their pride in being part of the organization, so that employees are not interested in the work assigned by the organization. Conditions like this in the long term will reduce work ability and even reduce employee performance in the organization. Based on the description above, this study aims to test and analyze the influence of talent management, employee work engagement on job satisfaction and its impact on the performance of Bank Indonesia employees. The research question is whether talent management, job satisfaction and job involvement have a significant effect on the performance of Bank Indonesia employees. And whether job satisfaction and job involvement act as mediating variables in the relationship between the influence of talent management on the performance of Bank Indonesia employees.

2. THEORETICAL STUDY AND HYPOTHESIS DEVELOPMENT

2.1 The Influence of Talent Management on Job Satisfaction

Talent management is part of the strategic workforce planning process, this effort is made to retain, develop, attract, and reward employees. Talent management can produce higher levels of employee performance and satisfaction than just the recruitment process; strengthening and evaluating talent (Dixit & Arrawatia, 2018). Further, several studies also remind the importance of talent management, the study specifically analyzes the possible scenarios of talent management practices in public sector banks and how these practices, in turn, improve the performance of bank employees (Dixit & Arrawatia, 2018; Hakro et al., 2022). Several empirical studies conducted previously in various aspects concluded that talent management has a positive and significant effect on job satisfaction, both directly and indirectly through the mediation of employee engagement (Goestjahjanti et al., 2020; Khairina et al., 2022). Based on the description of the results of previous studies, the second hypothesis in this study is:

H₁ : Talent Management has a significant influence on Job Satisfaction of Bank Indonesia Employees.

2.2 The Effect of Work Engagement on Job Satisfaction

The exclusivity of talent management practices is an important factor that reveals its influence in increasing employee engagement which ultimately has implications for increasing organizational productivity (O'Connor & Crowley-Henry, 2019). There are a number of previous studies that have examined the influence of talent management on work engagement. For example, research by (Aizat Ramli et al., 2018; Alias et al., 2016), found that based on the analysis, talent management practices (including managerial support, employee career development, and rewards and recognition) have a positive correlation with employee engagement. Talent management is one of the most effective tools to ensure that employees remain engaged and committed to their work (Pandita & Ray, 2018). Based on the description of the results of previous studies, the first hypothesis in this study is:

H₂ : Talent Management has a significant influence on Bank Indonesia Employee Work Engagement.

2.3 The Influence of Job Satisfaction on Employee Performance

Employees play an important role in the banking industry, where employees are the company's internal customers whose satisfaction must be maintained so that they can then provide satisfaction to external customers. Several previous studies have found a significant influence between job satisfaction and employee performance, such as (Hakro et al., 2022). Research result

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(Goestjahjanti et al., 2020) also concluded that job satisfaction has a positive and significant effect on employee performance. Employee job satisfaction has a positive and insignificant effect on employee performance (Khairina et al., 2022). Furthermore, job satisfaction was also found to be the main driver in improving employee performance and organizational performance (Achmad et al., 2023). The positive relationship between job satisfaction and employee performance was also confirmed (Inayat & Jahanzeb Khan, 2021). Therefore, this study concludes that satisfied employees perform better than dissatisfied employees, thereby making a significant contribution to the progress of their organization. Therefore, this study concludes that satisfied employees perform better than dissatisfied employees, thereby making a significant contribution to the progress of their organization (Helmi & Abunar, 2021). The results show that in general, employees in both the government and private sectors are satisfied with their jobs. In addition, the results show that motivation, salary, leadership, and productivity are key elements in ensuring job satisfaction among employees. Based on the description of the results of previous studies, the fifth hypothesis in this study is:

H₃ : Job Satisfaction has a significant influence on Employee Performance.

2.4 The Influence of Work Engagement on Employee Performance

Studies on work engagement and employee performance have been conducted in various sectors. The results of the study showed a significant positive influence of employee engagement on their work performance (Hajiali et al., 2022). However, this study is different in that the mediation analysis used the bootstrapping method which showed that creativity fully mediated the relationship between engagement and performance. The results of the analysis using the UWES work engagement measure found that job characteristics and perceived organizational support were significant predictors of work engagement, and work engagement predicted job satisfaction, organizational commitment, organizational citizenship behavior, and employee performance as well as intention to quit and mediated the relationship between its antecedents and consequences (Saks, 2019). Then in research in the health sector (Sopiah et al., 2020) confirms that employee engagement has a positive effect on employee performance. And this study is in line with research (Khairina et al., 2022), which found that employee involvement in organizational activities has a positive and significant effect on employee performance and organizational productivity. Based on the description of the results of previous studies, the fourth hypothesis in this study is:

H₄ : Work Involvement Has a Significant Influence on Employee Performance.

2.5 The Influence of Talent Management on Employee Performance

Talent management is the process of attracting competent, qualified and talented employees, further developing their skills and abilities by managing their careers in the workplace and ultimately retaining them in the workplace. This is in line with the results of the study (Hakro et al., 2022), which states that talent management is an important factor in improving employee performance and reducing employee turnover. Good and fair talent management can improve employee performance and prevent employees from making efforts that reduce organizational productivity (Khairina et al., 2022; Sopiah et al., 2020). Research result (Achmad et al., 2023) conclude that there is a positive and significant influence of talent development on employee intentions to stay in the organization, and job satisfaction has a greater mediation value than employee engagement between talent development and intentions to stay. Then the research results (Khairina et al., 2022) shows that the implementation of talent management has a positive and significant effect on employee performance. Based on the description of the results of previous studies, the third hypothesis in this study is:

H₅ : Talent Management has a significant impact on Employee Performance.

2.6 The Influence of Talent Management on Employee Performance Through Job Satisfaction Mediation

The study was conducted by (Dixit & Arrawatia, 2018) shows that job satisfaction can mediate the indirect relationship between talent management and productive employee performance. The same thing was also conveyed by (Hakro et al., 2022) that job satisfaction can mediate the relationship between talent management and employee performance. Talent management practices have a positive and significant effect on Employee Performance through job satisfaction as a mediating variable. (Khairina et al., 2022). Research result (Achmad et al., 2023) concluded that there is a positive and significant influence of talent development on employee intentions to stay in the organization both directly and through the mediation of job satisfaction by having a greater mediation value than employee engagement between talent development and intentions to stay. Based on the description of the results of previous studies, the sixth hypothesis in this study is:

H₆ : Job Satisfaction Mediates the Influence Between Talent Management and Performance

2.7 The Influence of Talent Management on Employee Performance Through Work Engagement Mediation.

The results of several studies concluded that there is a positive and significant influence of talent development on employee intentions to stay in the organization, both directly and through the mediation of employee engagement in the relationship between talent development and intentions to stay (Achmad et al., 2023). Furthermore, there is a significant influence of employee engagement as a mediator in the relationship between talent management and employee performance (Hakro et al., 2022). In addition, research (Sopiah et al., 2020) shows that work engagement plays an important role in moderating between variables and provides confirmation of the importance of the role of talent management and work engagement on nurse performance. Other findings found that talent management practices have a positive and insignificant effect on Employee Performance through employee engagement as a mediating variable (Khairina et al., 2022). Based on the description of the results of previous research, the sixth hypothesis in this study is:

H₇ : Employee Work Engagement mediates the influence between Talent Management and Employee Performance

3. IMPLEMENTATION METHOD

3.1 Data and Samples

The sample in this study was 150 Bank Indonesia employees. According to Sekaran & Bougie (2017), a sample is a part of the whole and characteristics possessed by a population or part of a population. Determination of the number of samples is determined based on the number of indicators contained in the model. The research model used in this study is the Structural Equation Model (SEM) and is run with the Amos application. In SEM analysis, the appropriate and ideal sample size is between 100-200 and also considers the number of indicators in the model (Ghozali, 2013).

3.2 Data analysis

After collecting data and information in the field, then to manage the data and information, the author uses a covariance-based regression method, namely the Structural Equation Model (SEM) for model development and testing of research hypotheses. Structural Equation Model (SEM) is an analysis method that combines the approaches of factor analysis, structural models, and path analysis. Thus, in the analysis of the Structural Equation Model (SEM), three types of activities can be carried out simultaneously (Joseph F. Hair et al., 2018), namely (1) measuring the

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validity and reliability of the instrument (related to confirmatory factor analysis), (2) testing the relationship model between variables (related to path analysis), and (3) activities to obtain a suitable model (fit) for prediction (related to regression analysis or structural model analysis).

Table 1. Operational Research Variables

Variables	Item
Talent management	TM1_Talent mapping. TM2_Employee talent development. TM3_Placement of talented employees. TM4_Retaining talented employees. TM5_Education and training Source: Dewi & Adila, (2022)
Work engagement	KK1_Feel like going to work every morning KK2_Enthusiastic about work KK3_Inspiring work KK4_Proud of work KK5_Feel happy working intensely KK6_Very deep in work Source: Ampofo, (2020)
Job satisfaction	KKP1_Feel like you're doing something worthwhile KKP2_The work is interesting KKP3_Satisfying work KKP4_Choose another job Source: Wang et al., (2020)
Employee performance	KP_Quality of work KP_Working quantity KP_Time (Term) KP_Cost efficiency KP_Supervision KP_Relations between employees Source: Dharma & Gusnawati, (2022)

Source: Research Results (2024)

3. RESULTS AND DISCUSSION

3.1 Respondent Characteristics

Table 2 explains the characteristics of respondents in this study grouped based on gender, age, education level and years of work.

Table 2. Respondent Characteristics

Characteristics	Amount	Percentage
Gender		
Male	134	89,3
Female	16	10,7
Total	150	100,0
Age		
20-30 Years	14	9,3
30-40 Years	45	30,0
40-50 Years	63	42,0
≥ 50 Years	28	18,7
Total	150	100,0

Educational level

High School/Equivalent	5	3,3
Diploma 3	20	13,3
Undergraduate	106	70,7
Postgraduate	19	12,7
Total	150	100,0

Marital status

Marry	136	90,7
Not Married	14	9,3
Total	150	100,0

Source: Research Results (2024)

Respondent characteristics describe the condition of respondents in this study. Based on data analysis, it explains that respondents in this study are dominated by male employees (89.3 percent). While the age factor is dominated by employees aged 40-50 years (42.0 percent). Then the average respondent has a Bachelor's degree (70.7 percent). And generally respondents or Bank Indonesia employees who are respondents in this study are married (90.7 percent).

4.2 Descriptive Analysis

Table 3. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Talent management	150	1	5	3,737	,818
Work engagement	150	1	5	3,968	,787
Job satisfaction	150	1	5	3,941	,745
Employee performance	150	1	5	4,063	,754

Source: Research Results (2024)

The results of the descriptive analysis of all latent variables show that the average value of the variables is on a scale of 4 or in other words, respondents stated that they agreed with the statement items in the questionnaire.

4.3 Research Hypothesis Testing

Based on Figure 1, it can be explained that the structural model has met the goodness of fit index as required by SEM Amos. The results of the SEM model modification analysis also explain the influence of all exogenous variables on endogenous variables, both directly and indirectly, so that this structural model can answer the previously proposed hypothesis testing.

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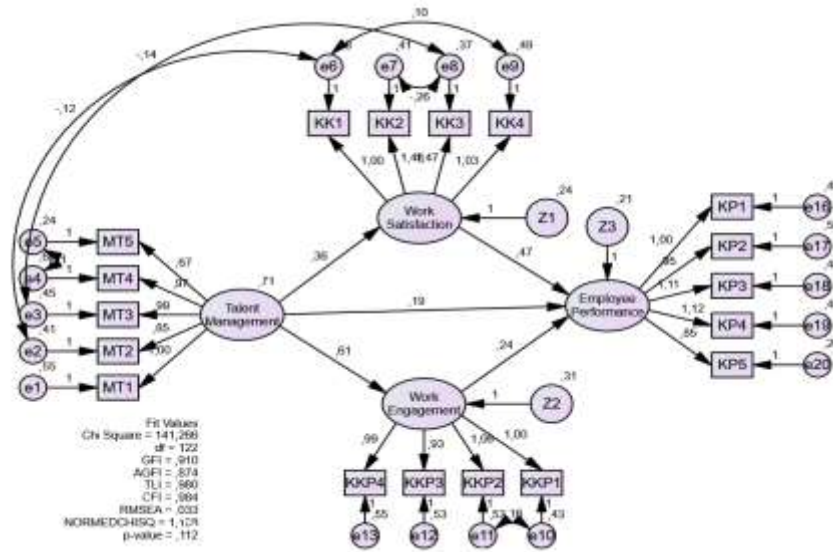


Figure 1. Bank Indonesia Employee Performance Model
Source: Amos Output (2024)

Based on the image of the Bank Indonesia employee performance model, it can be interpreted that the variables of talent management and employee job satisfaction and work engagement have a significant effect on employee performance. In testing the influence of the mediation effect, it was found that employee job satisfaction and work engagement partially mediate the performance of Bank Indonesia employees. The results of the analysis are also used to prove the hypothesis that has been developed, presented in Table 4 below.

Table 4. The Influence of Exogenous Variables on Endogenous Variables

			Standardized Estimate	Estimate	S.E.	C.R.	P
Job satisfaction	<---	Talent Management	0,527	0,357	0,081	4,402	***
Job Engagement	<---	Talent Management	0,68	0,612	0,089	6,897	***
Employee Performance	<---	Job satisfaction	0,392	0,468	0,12	3,898	***
Employee Performance	<---	Work Engagement	0,266	0,239	0,106	2,265	0,023
Employee Performance	<---	Work Engagement	0,241	0,195	0,097	2,000	0,045

Source: Research Results (2023)

The direct effect of talent management on job satisfaction is positive and significant with a standard estimate value of 0.527 and a significant value of 0.000 which is much smaller than 0.05. which means accepting the first hypothesis (H1) which states that talent management has a positive and significant effect on job satisfaction of Bank Indonesia employees. Previous researchers have stated that talent management can produce higher employee satisfaction compared to just the recruitment process, strengthening and evaluating talent (Dixit & Arrawatia, 2018). Further reminding the importance of talent management, this study specifically analyzes the possible scenarios of talent management practices in public sector banks and how these practices, in turn, enhance the performance of bank employees (Hakro et al., 2022). The results of other studies also conclude that talent management has a positive and significant effect on job satisfaction, both directly and indirectly through the mediation of employee engagement (Goestjahjanti et al., 2020). The same thing was also conveyed by (Khairina et al., 2022) that fair talent management can improve employee job satisfaction and performance.

The direct influence of talent management on work engagement is positive and significant with a standard estimate value of 0.68 and a significance value of 0.000 which is much smaller than 0.05. which means accepting the second hypothesis (H₂) which states that talent management has a positive and significant influence on the work engagement of Bank Indonesia employees. The results of this study have supported several previous studies in the banking industry and other industries, such as research (Aizat Ramli et al., 2018; Alias et al., 2016), found that based on the analysis shows talent management practices (including managerial support, employee career development, and rewards and recognition) have a positive correlation with employee engagement. Talent management is one of the most effective tools to ensure that employees remain engaged and committed to their work (Pandita & Ray, 2018). The exclusivity of talent management practices is an important factor that reveals its influence in increasing employee engagement which ultimately has implications for increasing organizational productivity (O'Connor & Crowley-Henry, 2019).

The direct influence of job satisfaction on employee performance is positive and significant with a standard estimate value of 0.392 and a significant value of 0.000 which is much smaller than 0.05. which means accepting the third hypothesis (H₃) which states that job satisfaction has a positive and significant effect on the performance of Bank Indonesia employees. The results of this study are in line with research conducted by (Hakro et al., 2022), which found a significant influence between job satisfaction and employee performance. The same thing was also conveyed by (Goestjahjanti et al., 2020), who concluded that job satisfaction has a positive and significant effect on employee performance. Employee job satisfaction has a positive and insignificant effect on employee performance (Khairina et al., 2022). Furthermore, job satisfaction was also found to be the main driver in improving employee performance and organizational performance (Achmad et al., 2023). The positive relationship between job satisfaction and employee performance is also confirmed by (Inayat & Jahanzeb Khan, 2021). Therefore, this study concludes that satisfied employees perform better than dissatisfied employees, thus contributing significantly to the progress of their organization. Other studies have attempted to identify the concepts of job performance and satisfaction, and to examine the impact of job performance and satisfaction (Helmi & Abunar, 2021).

The direct effect of work involvement on employee performance is positive and significant with a standard estimate value of 0.266 and a significant value of 0.024 which is much smaller than 0.05. which means accepting the fourth hypothesis (H₄) which states that work involvement has a positive and significant effect on the performance of Bank Indonesia employees. The results of this study have validated the results of previous studies in the context of work engagement, such as the results of the study (Sopiah et al., 2020) which confirms that employee involvement in work has a positive and significant effect on employee performance. This means that the higher the employee is involved in the process of completing organizational work, the more it will increase and the better the results of its performance assessment. The results of the analysis using the UWES work involvement measure found that job characteristics and perceptions of organizational support are significant predictors of work involvement, and work involvement predicts job satisfaction, organizational commitment, organizational citizenship behavior, and employee performance and intention to quit and mediates the relationship between its antecedents and consequences (Saks, 2019). And this study is also in line with the study (Khairina et al., 2022), who found that employee involvement in organizational activities had a positive and significant effect on employee performance and organizational productivity.

The direct influence of talent management on employee performance is positive and significant with a standard estimate value of 0.241 and a significant value of 0.045 which is much smaller than 0.05. which means accepting the fifth hypothesis (H₅) which states that talent management has a positive and significant influence on the performance of Indonesian bank employees. The results of this study are in accordance with the results of several previous studies, such as the results of the study (Hakro et al., 2022), which states that talent management is an important factor in improving employee performance and reducing employee turnover. Good and

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fair talent management can improve employee performance and prevent employees from making efforts that reduce organizational productivity (Khairina et al., 2022). The results of other studies conclude that there is a positive and significant influence of talent development on employee intentions to stay in the organization, and job satisfaction has a greater mediation value than employee engagement between talent development and intentions to stay (Aiyub et al., 2021).

4.4 Mediation Effect

Based on the results of data processing, it was found that job satisfaction acts as a partial mediating variable in the indirect relationship between talent management and employee performance with a coefficient value of 0.388 (38.8%). The results of this study are in line with several previous studies, which show that job satisfaction can mediate the indirect relationship between talent management and productive employee performance. (Dixit & Arrawatia, 2018; Hakro et al., 2022). Then the results of the research on talent management practices have a positive and significant effect on employee performance through job satisfaction as a mediating variable (Achmad et al., 2023). Talent development on employee intention to stay in the organization both directly and through mediation of job satisfaction has a greater mediation value compared to employee engagement between talent development and intention to stay.

Based on the results of data processing, it was found that work involvement acts as a partial mediating variable in the indirect relationship between talent management and employee performance with a coefficient value of 0.388 (38.8%). The results of this study in line with this conclude that there is a positive and significant influence of talent development on employee intentions to stay in the organization, both directly and through the mediation of employee engagement in the relationship between talent development and intentions to stay (Achmad et al., 2023). Furthermore, there is a significant influence as a mediator in the relationship between talent management and employee performance. In addition, research (Sopiah et al., 2020) shows that work engagement plays an important role in moderating between variables and provides confirmation of the importance of the role of talent management and work engagement on nurse performance. Other findings found that talent management practices have a positive and insignificant effect on Employee Performance through employee engagement as a mediating variable (Khairina et al., 2022).

4. CONCLUSION

Based on the research results that have been described previously, it shows that talent management has a significant effect on employee job satisfaction and work engagement and has a significant effect on the performance of Bank Indonesia employees. Then job satisfaction and work engagement have an effect on employee performance. Furthermore, job satisfaction and work engagement act as mediating variables in the relationship between talent management and employee performance.

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