

Proposed Improvement of Talent Management in Regional-Owned Enterprises (BUMD) Services and Tourism in West Java Using Structural Equation Modeling Method

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Abstract. Ownership of quality human resources in the long term amid current conditions is the most important asset for the organization in maintaining its business. As was done by one of the local government companies in West Java. The company is engaged in services and tourism and implements a talent management system in preparing its human resources. Not only that, this program is carried out to improve the performance of the burglarized employees. Previous research stated that the existence of a good talent management design will have a positive influence on the performance of company employees, especially in some developing countries. Then it is known that the implementation of talent management in this company is still not accompanied by a good design. This condition causes companies to struggle to maintain the performance of their employees. Moreover, the absence of employee involvement also affects the improvement of employee performance. There have been many studies involving the influence between talent management and employee performance, but only a few have involved employee engagement factors in their research, especially in companies engaged in services and tourism. This study was developed to fill this out. The authenticity of this study lies in employee engagement as an additional factor in the model proposed from previous studies. This research then makes the employee engagement factor a mediating variable.

1. Introduction

Employee performance is currently the most important aspect in the business world. Employee performance (employee performance) is something that needs to be considered because its existence has an important role, especially in maintaining a competitive advantage for the company in a challenging situation like today. The current condition makes the environment more dynamic and requires special handling it. In response to this, many companies implement talent management in improving the performance of their employees [4]. In addition, it is also known that many other studies state that the application of talent management in organizations can improve the performance of employees at the company [1].

Employee performance is considered a major issue by top management of organizations worldwide [5]. So this makes a lot of leaders focus on identifying the application of talent management [4]. The same is the case with one of the Business Entities in West Java which is engaged in tourism services. To respond to this situation, the company implements a system known as talent

management. Similar to several other company leaders, this program is carried out to prepare future leaders and also improve the performance of the company. However, the company's biggest challenge is in finding quality employees within the company, where every employee needs to instill a feeling of involvement, commitment, and responsibility in each of them to achieve employee performance. The feeling of involvement, commitment, and responsibility from employees will certainly encourage them to perform tasks more than employees who are not involved

In addition, Kim et al. (2012) suggested that EE has direct and indirect effects on EP in organizations. EP, therefore, depends on the level of EE levels in the organization, which is expected as a result of the TM strategy. Talent management is a resource management program which involves the process of attached talent, talent development and maintained talent. In addition, talent management is a process carried out to ensure that the company can fill key positions of future leaders and positions that support the company's core competencies. In response to this, the company has implemented a talent management program within the company. Based on the results of interviews that have been carried out with the human resource side, it is known that the purpose of the organization in implementing this program is to carry out a management of human resource ownership for organizations that can improve performance for employees with high potential. In addition, this program also aims to prepare the best talents of the company and then serve as leaders in the future and be prepared to be able to face various conditions in the future. When running the program, the company involves several stages of talent management, including the following:

1. Recruitment stages

This stage involves a process of recruiting qualified employees from various divisions of the company to the human resource division. Prospective talents who meet the requirements will then be continued to follow the selection stage.

2. Stages of selection

The selection stage is carried out by giving several tests to potential talents who have met the requirements to take part in the selection. The process carried out is a written test and interview. If they have passed, the talented candidates can then proceed to the training and internship stages.

3. Stages of training and internship

All talented candidates who have passed the selection will then proceed to the training and internship stages. Training activities are carried out online and offline. In it, participants will be given several materials that will be related to work in the company such as introduction to corporate culture, development of company character building, development of problem-solving abilities, development of creativity and innovation, training of directors' experts, as well as the development of knowledge of the scope of work per division. At the end of the training session, the participants were asked to make a report which was then used as a measuring tool for assessing talented candidates who took part in this stage.

Then in the internship activities, the talented candidates are placed in several divisions and departments. The talented candidates are given a real assignment related to problem-solving activities in each division and department. The proposals given are also used as a report which is collected together with the daily discussion session reports via google form.

4. Stages of employee placement

After completing the training and internship programs, the selected talent candidates can then be placed in positions that suit the company's needs. The stages of employee placement are carried out by placing talents according to the specified criteria and the abilities of each talent in certain positions.

After the program was successfully executed, it turned out that several problems had occurred. Based on the results of direct interviews with human resources, some information was obtained regarding the obstacles that occur in the implementation of talent management in the company, namely:

1. The company has not been able to identify the criteria for talent that can be placed in certain positions.

2. The company has not been able to identify the characteristics of key positions that will be occupied by talents.
3. Selection of talented employees is not accompanied by the determination of clear criteria.
4. Implementation of training and internships that are not accompanied by good supervision
5. Implementation of training and internships that are not accompanied by program evaluation.

Based on the results of joint interviews with human resources, it can be seen that there is a special handling related to the implementation of this program, because if this program cannot be handled properly, it will certainly have an impact on the sustainability of the company now and in the future. Not only that, this of course will also affect the decline in employee performance and feelings of employee involvement in the company. In addition, based on the results of the exposure of the constraints above, it can be seen that the talent management problem in this company can be related to several research dimensions, namely talent identification, talent attraction, learning and development, and talent retention.

According to [6], the selection of talent identification dimensions relates to how a company is able to identify the talents possessed by employees, then accuracy with company goals and the company's ability to identify key positions. Then [1] research adds that the implementation of a talent management program that involves the talent identification dimension is considered capable of improving the performance and satisfaction of employees owned by the company. Then for the selection of the talent attraction dimension because this dimension relates to how companies recruit and select high-potential employees in their company, [4]. his is in contrast to the phenomenon that occurs where companies are still not able to properly implement the recruitment and selection process for high-potential employees within the company. The selection and recruitment activities carried out are only based on the results of subjective assessments without considering the performance appraisal of each employee.

Then the learning and development dimension is the dimension chosen to find out how a company carries out a good training and mentoring program within its company [4]. This is also related to the identification of training needs and employee internships that are tailored to the needs of employees and followed by evaluation activities in it. Meanwhile, the phenomenon seen in the company is where the company is still unable to identify the needs for training and internships carried out within the company and has not carried out a good evaluation of the activities that have been carried out. Furthermore, the talent retention dimension is a dimension used to find out how a company can retain its talents, especially in terms of financial incentives, organizational incentives, and psychological incentives. If this can be fulfilled, the increase in talent satisfaction and employee engagement will certainly be formed in it [4]. Not only that, by involving the talent retention dimension, the application of talent management is considered to be able to improve the performance and satisfaction of the organization [1].

Other information also obtained from interviews is related to the influence of talent management on improving the performance of employees. It was also stated that based on the results of interviews, the company only had about four percent of potential employees out of the total number of employees, which amounted to two hundred and fifty employees. Then out of these four percent, only forty percent of them are employees who have the opportunity to be promoted to talent in the company. Based on the statement above, it can be seen that the low number of high-performing employees in this company is caused by the handling of human resources in the company which has not been implemented properly so that it requires handling it.

Several previous studies stated that by implementing talent management, companies should be able to handle the resources they have and improve the performance of their employees. However, after the company chose to implement talent management in the management of its human resources, several shortcomings were found in its implementation. Some of these shortcomings will certainly affect the performance of employees in the company. This can happen because improving employee performance requires good handling in the application of talent management. In line with [2]

research's that the application of talent management within the organization is considered capable of improving employee performance so that improvements related to talent management are expected to improve the company's employee performance in the future. In addition, involving employee performance in talent management practices will certainly provide consideration for the organization, especially in facing a global challenge. This is because human resources that have been managed properly through talent management are considered to have a positive influence on the performance of employees.

Many organizations have involved and developed talent management in improving the performance of their employees. Especially for leadership level positions (manager). The application of talent management at this level certainly needs to be considered to be able to provide a positive influence on the performance of employees. Based on some of the studies above, it can be seen that improvements in the application of company talent management are needed because the implementation of good talent management is considered to be able to improve the performance of employees owned by the company. Based on the above study, the problem that will be raised in this study is related to improving talent management which can improve employee performance by involving employee engagement as a mediation. This research was conducted to fill in the lack of research related to improving talent management which is not only able to provide a positive relationship to employee engagement and employee performance directly but also involves both variables simultaneously.

To support this, based on several previous studies, it is known that the relationship between the variables of talent management and employee performance or employee engagement with employee performance has been proven to have an effect, while the relationship between talent management, employee engagement, and employee performance has not been carried out. This gives an idea where the existence of employee engagement variables in talent management and employee performance research has not yet been carried out in Indonesia, especially in the field of services and tourism, so based on this statement this research then involves employee engagement variables as a mediation of this research.

2. Method

This research involves data from 300 employees at the company. Where 60 employee samples were used for the pilot study. The purpose of the pilot study was to ascertain the dimensions of the items and check the reliability of each construct before distributing the research questionnaire. The question of this research is come from the variable that used. The variable are talent management with four dimension, employee engagement as mediator with five dimension, and employee performance with five dimension. Then to calculate the data this research use SEM AMOS to knows how much the relationship between every variable in this research especially with employee engagement as the mediator of the relationship.

2.1 Data Collection Method

The total number of questionnaires distributed in this study was 240 people and only 237 respondents answered the questionnaire. The distribution is done online and assisted by the company's internal parties. If presented the number reaches 98.75% of the total number of respondents. Then the data from the 237 respondents will be processed into SEM analysis using IBM SPSS AMOS Assistance.

2.2 Characteristics of Respondents

The target respondents in this study were company employees, totaling three hundred employees. In which the first sixty respondents were used as respondents in the pilot test and 240 others were used as respondents in the study.

Then according to [7] the number of samples in the distribution of the preliminary questionnaire was carried out to 30-50 respondents. Based on this, then in this study, a preliminary questionnaire was distributed to thirty respondents. After the preliminary questionnaire data has been successfully

distributed, validity and reliability testing are carried out, in this study it is known that the resulting values are valid but indicators are still not reliable, so improvements are needed on the indicators of the questionnaire questions. Because indicators were found that were not reliable, improvements were made to the questionnaire questions and redistributed them to different respondents but still with the same number of thirty respondents. The results obtained are that the questionnaires distributed are valid and reliable.

Table 1. The Reliability Test

Variable	Dimension	Reliability Test First part	Reliability Test Second part
Employee engagement (Y)	Basic need (Y1)	0,58	0,61
Employee performance (Z)	Task performance (Z1)	0,56	0,62
	Adaptive performance (Z3)	0,59	0,61

In Table 1 it can be seen that the value of the reliability test results is reliable if used in this study. This can be seen from the value of the test results on each dimension which has exceeded 0.60.

After distributing the research questionnaires, it was found that the number of returned questionnaires amounted to 237 people. Then according to [2], the recommended number of samples is to be 100 or even larger, so based on this the number of samples in this study is included in the criteria sufficient to represent the population.

3. Results and Discussion

3.1 Validity test

This section contains the results of the validity test using the help of AMOS. The validity test is a statistical test that uses convergent validity (the loading factor value of each construct). The recommended loading factor value in this study is > 0.70 [2]. Based on the results of the validity tests carried out, it is known that the resulting loading factor value has exceeded the specified standard, which is 0.70. Based on this, it can be said that all constructs in this study are valid because the number of loading factor for every dimension is more than 0,70.

Table 2 Validity Test Results

Variabel	Item	Loading Factor	P	Information
Talent Management (X)	X1	1,01	0	Valid
	X2	1,08	0	Valid
	X3	0,9	0	Valid
	X4	1	0	Valid
Employee engagement (Y)	Y1	0,93	0	Valid
	Y2	1,11	0	Valid
	Y3	0,92	0	Valid
	Y4	0,83	0	Valid
	Y5	1	0	Valid
Employee performance (Z)	Z1	0,81	0	Valid
	Z2	0,91	0	Valid
	Z3	1,05	0	Valid

	Z4	1,15	0	Valid
	Z5	1	0	Valid

3.2 Reliability Test

The next test carried out is a reliability test. This reliability test uses composite reliability and AVE values in determining the reliability results of this study. The recommended value in the CR is greater than 0.70, while the AVE value is more than 0.50 [2]. As we can see in the Table 3 that the CR number of variable talent management is greater than 0,70 which is 0,999. Then the employee engagement is 0,99 and the employee performance is greater than 0,70 too which is 0,996.

Table 3. Correlation Reliability Test

Variabel	Number of Standard Loading Constructs	Total Measurement Error	CR
<i>Talent management</i>	3,99	0,01	0,999
<i>Employee engagement</i>	4,79	0,21	0,99
<i>Employee performance</i>	4,92	0,08	0,996

After calculating the CR value, it is known that the resulting value for each variable has exceeded the recommended provision, which is more than 0.70. It can be seen that the CR value generated for each of these variables is 0.99; 0.990; and 0.996. Then another calculation that is also carried out is the calculation of the AVE value. the recommended condition to be able to meet the recommended value is more than 0.50. To find out the resulting AVE value can be seen in Table IV.4.

Table 4. AVE test

Variabel	Jumlah Standar Loading Kuadrat Konstruk	Jumlah Kesalahan Pengukuran	AVE
<i>Talent management</i>	1,0201	0,0035	0,999
<i>Employee engagement</i>	4,6323	0,0566	0,987
<i>Employee performance</i>	4,9092	0,4133	0,922

Based on the results of the calculations that have been carried out, it can be seen that the AVE value of each variable has exceeded 0.50. Where the resulting value for each variable is 0.999; 0.987; and 0.922. This value certainly has exceeded the specified conditions. So it can be said that the construct in this study is reliable based on the results of the CR and AVE values that exceed 0.70 and 0.50.

3.3 Normality Test

Before processing SEM data, the data to be processed must first be ensured to be normally distributed. The value of normality can be seen from the value of the critical ratio (CR) and the value of the z score (obtained from the result of subtracting the average value which is then divided by the standard deviation) of the data that has been obtained. The significance level in the accuracy of the results that have been processed by SEM about 99% is 0.1 and the value obtained from the z table is 2.58. Then data.

Table 5. Normality test

Variable	min	max	skew	c.r.	kurtosis	c.r.
KU	2	4,8	-0,207	-1,301	-0,5	-1,573
KN	2	4,67	-0,235	-1,476	-0,591	-1,858
CP	2	4,5	-0,349	-2,196	-0,712	-2,237
TP	1,67	4	-0,369	-2,318	-0,334	-1,051
AP	2	5	-0,185	-1,161	-0,567	-1,781
GR	2	4,75	-0,286	-1,795	-0,261	-0,821
MS	1,5	4,75	0,094	0,591	0,458	1,438
IN	2	5	-0,296	-1,861	-0,108	-0,339
SP	1,333	5	-0,392	-2,462	-0,259	-0,813
BN	2	5	-0,244	-1,533	-0,354	-1,112
TI	1,667	4,667	-0,357	-2,242	-0,403	-1,267
TA	2	4,83	-0,357	-2,246	-0,17	-0,535
LD	2	4,5	-0,383	-2,408	-0,765	-2,405
TR	1,75	5	-0,309	-1,939	-0,287	-0,901
Multivariate					6,141	2,233

Based on the results obtained, it can be seen that each research indicator has a normal distribution. This is because the resulting CR values are all between the values of -2.58 to +2.58.

3.4 Measurement Model Evaluation

The next step in this research is to analyze the overall model. Model analysis was carried out by conducting a conformity test (Goodness of Fit) and a statistical test (Standardized Regression Weight). Measurement Model Evaluation

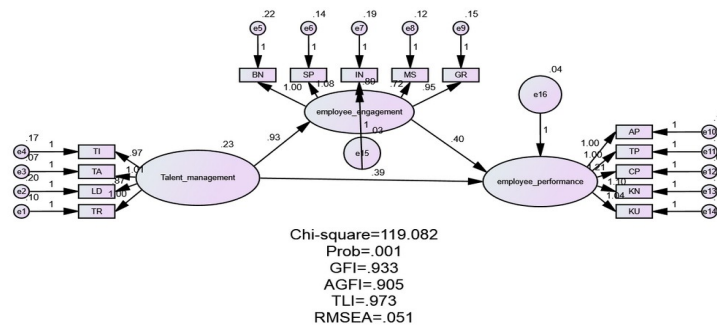


Figure 1. AMOS Model

Then the following are the results of the goodness of fit value generated in this study:

Table 6. Goodness of Fit Test

Goodness of fit Index	Cut of value	Result	Criteria
CMIN/DF	<2,00	1,609	Good Fit
CFI	>0,9	0,978	Good Fit
RMSEA	<0,08	0,051	Good Fit

NFI	>0,9	0,945	<i>Good Fit</i>
TLI	>0,9	0,973	<i>Good Fit</i>
GFI	>0,9	0,933	<i>Good Fit</i>
AGFI	>0,9	0,905	<i>Good Fit</i>

Based on the results of the tests that have been carried out, it can be seen that this structural equation model meets the criteria of the model fit. It can be seen from the value of several criteria, namely the CMIN/DF value has been less than 2, namely 1.609, then CFI = 0.978; NFI=0.945; TLI=0.973; GFI=0.933; AGFI = 0.905 whose value is above 0.09 and RMSEA = 0.051 below the recommended criteria of 0.08 [2].

3.5 Hypothesis Testing

This stage is carried out by testing the hypothesis that has been made in Chapter II. Testing this hypothesis is based on research data processing carried out by SEM analysis. The test is based on the CR value and the P-value on the results of the regression weight data processing. The required value for the CR value is > 2.00 and the P-value is below 0.05. If the results obtained have met the requirements, it can be said that the research hypothesis is accepted, the following is Table IV. 25 which contains the results of hypothesis testing based on AMOS analysis.

Table 7. Estimation of Regression Weight Parameters

Variable relationship			Estimate	S.E.	C.R.	P	Label
<i>Employee_engagement</i>	<---	<i>Talent_management</i>	0,927	0,083	11,154	***	par_1 1
<i>Employee_performance</i>	<---	<i>employee_engagement</i>	0,403	0,175	2,307	0,02 1	par_1 2
<i>Employee_performance</i>	<---	<i>Talent_management</i>	0,385	0,173	2,225	0,02 6	par_1 3

Based on the results of testing the hypothesis above, it can be explained as follows:

- H1: Talent management (X) has a direct positive effect on employee engagement (Y)
- H2: Employee engagement (Y) has a direct positive effect on employee performance (Z)
- H3: Talent management (X) has a direct positive effect on employee performance (Z)

Then the basis for making decisions for this test is as follows:

- If $p < 0.05$ with an alpha level of 5%, then H_0 is rejected
- If $p > 0.05$ with 5% alpha level, then H_1 is accepted

Based on table 7 it can be concluded that:

- a. The talent management variable (X) has a p-value of 0.000. It can be seen that the p-value is lower than 0.05, then H_1 is accepted, meaning that the talent management variable (X) has a significant and direct influence on employee engagement (Y).
- b. Employee engagement variable (Y) is known to have a p-value of 0.021. It is known that the p-value is less than 0.05. then H_1 is accepted, meaning that the employee engagement variable (Y) has a significant and direct influence on employee performance (Z).

c. The talent management variable (X) has a p-value of 0.026. It can be seen that the value is smaller than 0.05, so H1 is accepted, meaning that the talent management variable (X) directly has a significant effect on employee performance (Z).

In addition, it is also known that there are results of tests carried out on indirect effects. The following is a table containing the results of the indirect effect hypothesis test.

Table 8. Hypothesis Test Results Indirect Effect

	<i>Talent_management</i>	<i>employee_engagement</i>	<i>employee_performance</i>
<i>employee_performance</i>	0,424	0	0

H4: talent management indirectly has a positive effect on employee performance. The value of the coefficient of indirect influence is 0.424. This means that employee engagement mediates the influence of talent management on employee performance. This also means positive mediation of employee engagement.

3.6 Employee Engagement (EE) Mediation Testing Procedure

The following is a mediation test procedure for employee engagement:

1. Indirect effect = $0.927 \times 0.457 = 0.424$
2. Direct effect = 0.385
3. The two indirect paths (TM to EE and EE to EP) are significant
4. Since indirect > direct effect, the mediation occurs
5. Type of mediation is complete mediation since the direct effect is not significant after EE (mediator) enters the model.

In testing this hypothesis, the mediating effect of employee engagement in linking talent management and employee performance has been proven. Consequently, this study reveals that employee engagement significantly mediates the relationship between talent management and employee performance. so that it can be seen that this study proves that the employee engagement variable has been able to contribute as a mediator of the relationship between talent management and employee performance.

4 Conclusion

This study examines the direct influence of talent management on employee engagement. Then employee engagement on employee performance and talent management on employee performance as well as the indirect influence between the variables of talent management and employee performance. Based on the analysis and discussion that has been carried out, it can be seen that the talent management variable has a direct influence on the employee engagement variable, followed by the employee engagement variable and employee performance variable, and the talent management variable on the employee performance variable. The indirect influence relationship occurs in the talent management variable on the employee performance variable.

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