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DOES TALENT MANAGEMENT AFFECT ORGANIZATION PERFORMANCE IN ELECTRONICS MANUFACTURING BATAM?

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ABSTRACT

The research focuses on the influence of talent management on organizational performance, mediated organizational commitment and moderation of transformational leadership. This study is a quantitative study that distributes questionnaires to employees of electronics manufacturing companies in Batam City of 352 respondents, analyzed using the SmartPLS method. The results of the research show that talent management has a significant influence on organizational performance through direct influence tests and its influence becomes insignificant and not mediated by organizational commitment. Organizational commitments, consisting of the dimensions of affective commitment, continuance commitment and normative commitment also have a significant impact on organizational performance, suggesting that employees who are committed to the organization tend to make a better contribution to the company's performance. Transformational leadership has a significant influence on organizational performance directly, when tested as a moderation variable its influence becomes insignificant. This research gives some recommendations; the importance of employee development through training and talent development to improve company performance.

Keywords: Talent Management, Organizational Performance, Batam City

ABSTRAK

Penelitian ini berfokus pada pengaruh talent management terhadap kinerja organisasi, dimediasi komitmen organisasi dan moderasi kepemimpinan transformasional. Penelitian ini adalah penelitian kuantitatif yang menyebarkan kuesioner kepada karyawan perusahaan manufaktur elektronik di Kota Batam sebanyak 352 responden, Dianalisis menggunakan metode SmartPLS. Hasil penelitian menunjukkan bahwa talent management memiliki pengaruh yang signifikan terhadap kinerja organisasi melalui uji pengaruh langsung dan pengaruhnya menjadi tidak signifikan ketika dimediasi oleh komitmen organisasi. Komitmen organisasi, terdiri dari dimensi affective commitment, continuance commitment, dan normative commitment, juga memiliki dampak yang signifikan terhadap kinerja organisasi sehingga menunjukkan bahwa karyawan yang komit terhadap organisasi cenderung memberikan kontribusi yang lebih baik terhadap kinerja perusahaan. Kepemimpinan transformasional memiliki pengaruh yang signifikan terhadap kinerja organisasi secara langsung, saat diuji sebagai variabel moderasi pengaruhnya menjadi tidak signifikan. Penelitian ini memberikan beberapa rekomendasi; pentingnya pengembangan karyawan melalui pelatihan dan pengembangan bakat untuk meningkatkan kinerja perusahaan.

Kata Kunci: Manajemen Bakat, Kinerja Organisasi, Kota Batam



INTRODUCTION

The global electronics manufacturing market is estimated to be worth \$948.78 billion by 2020, with a combined annual growth rate of 5.4% higher than in 2015. In the era of Covid-19, there was a so-called lockdown condition that created a huge level of demand for electrical products, because whatever activity existed at that time made everyone engage in online mode on a large scale (Silalahi, 2014). Reports obtained from Global News Wire show that the impact of the global Covid-19 pandemic has greatly affected the need for electronics, which makes electronics manufacturing companies have a huge contribution to the world.

The manufacturing sector also contributed the largest contribution to the national gross domestic product (GDP) in the second quarter of 2021, which was 17.34% and 1.57% of the figure is the contribution of the manufacturing industry of electronics, optics, metals, computers, as well as other electrical appliances. It's confirmed in the press release of the Ministry of Industry (Gumiwang, 2021)

Batam City is known for its industrial sector growing very rapidly and it is estimated that the economy in Batam because of its considerable resources will develop well and based on the portrait of the labour force in 2020 according to data from Badan Pusat Statistik Kota Batam (2020) The number of the laborers was 74,545.

There's a great chance that the electronics manufacturing company in Batam has a 70% area that is largely controlled by electronic manufacturers. Electronics manufacturing companies in Batam City have had a huge contribution because in 2018 the world's crude oil prices suffered a decline that at the previous time in Batem City the most developed company was the shipping industry. It's said to have a big contribution because at the time of crude oil prices falling, the big thing that gave a high selling value at that time was electronics manufacturing itself. The contribution of electronics manufacturing in Batam City also played a major role in modeling the application of technology in the era of Industry 4.0 revolution (Yuswardi & Chrisjunianti, 2022).

The contribution of this electronics manufacturing has become a benchmark for Indonesia, especially the city of Batam, to have innovation in order to face the challenges of competition both internally and externally. It must make the electronics manufacturing itself show even better performance in order to be able to face the competition, by having superior and competent human resources (HR) (Faqih A, 2019).

Talent management is the implementation of strategies designed to increase corporate productivity, develop, maintain and utilize human resources (HRMs) that have skill and talent of high value (Kosir, et al 2021). However, according to Ismaila Bolarinwa & A Lukman

(2017) talent management is a change naturally also related to human resources (HR) so refers to expertise and skills marked to improve the performance of companies in competing in the world of business.

According to Syardiansyah, *et al* (2023), said that organization commitment is the competence of the individual in binding himself to the vision of the company's mission and it also reflects the personality of a person in giving his performance to the company. According to Almaaita, *et al* (2020), the human resources (HRM) in companies must have a bond called commitment, both emotionally, identification, and the individual's own involvement. And according to Astuti & Amalia (2021), employee adherence to the company's vision and mission is also part of the organization's commitment.

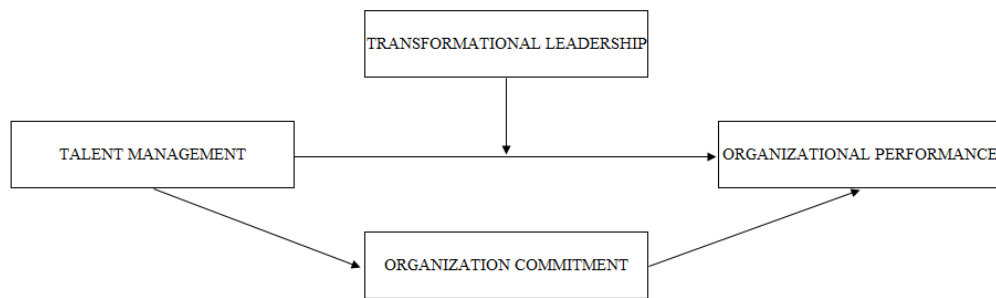
In a study conducted by Almaaitah, *et al* (2020) defined that transformational leadership is a style of leadership that performs identification, rolling out the latest progressive changes in the company which will improve the performance of the company.

Corporate performance is defined as the end of all forms of business phases with cooperation between companies with working and committed human resources (HRMs) and having leaders who are capable of implementing a good management system (Fidianingrum & Sukarno, 2021). And, performance is meant to be a comparison between the results of work and the standard of the provisions that have been made and this is assessed to influence the contribution of employees to the organization (Putri et al., 2020).

The question raised in this study is whether electronics manufacturing companies in Batam City have strategies in managing human resources management (HRM) that they have to be able to compete and survive globally and nationally. As one of the best initiatives at the moment to attract and maintain human resources (HRM) that have expertise and talent with the best value is to use a talent management system.

And this study aims to analyze the influence of talent management on organizational performance, using mediation of organization commitment and moderated with transformational leadership with the research model in Figure 1 below:

Figure 1. Research Model



- H1 : Talent management has a positive impact on organizational performance
- H2 : Talent management has a positive impact on Organization Commitment
- H2a : Affective Commitment variables have a positive impact on Organization Commitments
- H2b : Normative Variable Commitmen have a positive impact on organization performance
- H2c : Continuation Commitment dimensional variable has a positive impact on the Organization commitment.
- H3 : Variable Organization commitment has a positive impact on organizational performance
- H3a : Transformational leadership variables have a positive impact on organizational performance
- H4 : Talent management has a significant positive impact on organizational performance.
- H4a : Talent management is a positive impact on organizational performance mediated by Affective Commitment
- H4b : Talent management has a positive impact on organizational performance mediated by the Continuance Commitment
- H4c : Talent management has a positive impact on organizational performance mediated by normative commitment
- H5 : Transformational leadership as a moderation variable has a positive impact on organizational performance.

METHOD

If viewed from the point of view, this research can belong to basic research that has the aim of developing a previously existing penetration. This research uses quantitative methods and questionnaire scattering as data collection techniques such as table 1 below:

Table 1. Data questionnaire

Variable	Description
Organizational Performance	In the company's performance, the company improves the operational efficiency of various divisions.
	Companies operate to enhance research and development performance Companies become the right container in dealing with complaints and employee advice
	The company provides moral support to employees in their efforts to improve performance.
Normative Commitment	I'm proud to be an employee in the place I work. I'll give you the best performance in the company I work for.
	The presence at work is an indicator of the competence in the work that I prioritize.
	Corporate problems are my problems, too. The company deserves loyalty from me and other employees. I take the company where I work as a home for me
Talent Management	Companies have salaries and incentives to support talented employees The company has selected a talented career to fill a vacant senior position in the future.
	Perusahaan has a culture of developing talented employees well
	The company facilitates the mission and expertise of talented employees inside and outside the company. Corporate management provides training to enhance the skills and knowledge of talented employees In support of talented employees, the company provides the latest technology to develop employees' creativity and innovation.
Transformational Leadership	Corporate leaders convey a positive and clear vision of the mission Leaders canonize employees and give impetus to the development of employees' skills Leaders support staff empowerment
	Corporate leaders encourage employee involvement, employee confidence and collaboration among employees in organizing Corporate leaders support problem solving with the latest methods with the newest methods
	Leaders very clearly present the practices and values of work that leaders have
Continuance Commitment	The presence of presence is the competence of the company's fellow employees.
	Choosing to stay in the company because it's considered unethical to move jobs.

	I'm not afraid to leave the job at this company if the company makes me uncomfortable
	I'll move a company if I get a higher wage offer without considering anything else in the company.
	It's not too hard for me to get out of the company even though I'm still comfortable.
	I'm proud to reveal that I work for this company
	I have a pleasant feeling and fit working in this company
Affective	This company makes me know my abilities.
Commitment	Because of the company's treatment of employees I feel bound to this company
	I'll work for this company until I retire.

Source :Primary data processed (2023)

Data testing in this study uses the Smart PLS application, by performing tests based on Hair, *et al* (2018) as follows: Outer Model Test, Avarage Extracted Test (AVE), Path Coefficient Test, Total Indirect Effect Test with a specified value.

The total number of respondents was 352 employees, 114 male and 238 female. And, with positions as 146 operators, 55 as technicians, and 151 as staff officers. In determining the number of unknown populations defined and recommended for the sample number minimum 5-10 indicators so that each indicator is multiplied by 10 ($32 \times 10 = 320$) (Hair et al., 2018).

RESULT AND DISCUSSION

Demographic Analysis

The study received as many as 352 respondents through questionnaires distributed to all employees working in electronics manufacturing companies. Table 2 shows a demographic table of respondents, which includes gender, age, last education, position or position in the company as follows:

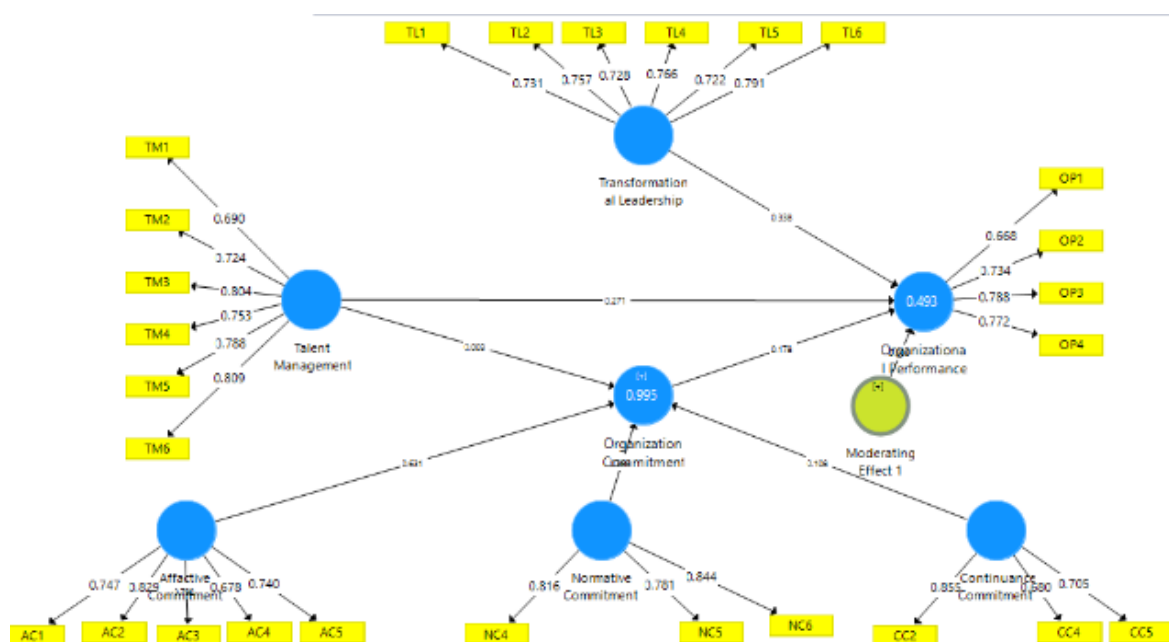
Table 2. Demographic Response

Variable	Kategori	Amount	Percentase
1. Gender Type	Male	114	32,4%
	Female	238	67,6%
	Total	352	100%
2. Age	18-20 Years Old	106	30,1%
	21-23 Years Old	153	43,5%
	24-26 Years Old	68	19,3%
	>26 Years Old	25	7,1%
	Total	352	100%
3. Educational level	High School	233	66,2%
	Diploma 3	12	3,4%
	Bachelor (S1)	101	28,7%
	Postgraduate (S2)	6	1,7%
	Total	352	100%
4. Position	Operator	146	41,5%
	Technician	55	15,6 %
	Staff Officer	151	42,9%
	Total	352	100%

Source: Primary data processed (2023)

Outer Model Testing

Figure 2. Loading Factor Test (Outer loading)



Source: Primary data processed by SmartPLS (2023)

In figure 2 above, the data obtained from the loading factor test tested using the Smart PLS application there are some valid variables used because the measurement of variables that indicate the validity of each indicator can be said to be valid if the correlation of the determination value above 0.6 (Hair et al., 2018). From the data test above of the 32

questions issued in this study there are 27 questions whose data is declared valid by obtaining a value of more than 0.6.

Avarage Variance Extracted Testing

Table 3. Test Avarage Extracted (AVE)

Indikator	AVE	Description
Affective Commitment	0,576	Valid
Continuance Commitment	0,563	Valid
Moderating Effect 1	1,000	Valid
Normative Commitment	0,663	Valid
Organization Performance	0,486	Invalid
Organizational Performance	0,550	Valid
Talent Management	0,582	Valid
Transformational Leadership	0,562	Valid

Source: Primary data processed by SmartPLS (2023)

The above table 3 shows the overall validity test results, which can be said to be valid if the value of the validity testing results is above 0.005 in drop. And, in the above table also shows that there is 1 variable whose value description is not valid because the value shown on the variable is not more than 0.005.

Inner Model Testing

Table 4. Path Test Coefficient

Path	T-Statistic	P-Value	Conclusion
Affective Commitment -> Organization Commitment	33.176	0.000	Significant
Continuance Commitment -> Organization Commitment	13.167	0.000	Significant
Moderating Effect 1 -> Organizational Performance	0.000	1.000	Not Significant
Normative Commitment -> Organization Commitment	22.845	0.000	Significant
Organization Commitment -> Organizational Performance	2.855	0.004	Significant
Talent Management -> Organization Commitment	0.516	0.606	Not Significant
Talent Management -> Organizational Performance	3.377	0.001	Significant
Transformational Leadership -> Organizational Performance	4.984	0.000	Significant

Source: SmartPLS Processed Primary Data (2023)

The table 4 above is the result of a path coefficient test that has been calculated to determine whether the entire hypothesis has a significant result or not. According to Hair et al., (2018) the stated value is significant if the P-value zero is not more than 0.005. So from the Path Coefficient test results table, then the analysis of the hypothesis that can be explained is as follows:

The impact between Talent management and Organizational Performance, based on the results of research through the Path Coefficient test, shows that H1 has a significant influence by having a P-Value not more than 0.005 which is 0.001. In a study Almaaitah et al., (2020) talent management has a significant influence on organizational performance, in

a study carried out by Barkhuizen, N.E (2021) highlighted that talent management had a strong influence in contributing to company performance..

The impact between Talent management and Organization Commitment, has a P-value of 0.606 which means the value of the relationship between these variables based on the result path coefficient has no significant influence. This is in line with a study by Ilham Safar et al., (2022) that investigated the relationship between talent management and organizational commitment.

The impact between the Affective Commitment variable dimension and the Organization Commitment has a significant influence because it has a P-value of 0,000 or no more than 0.5. This is in line with research by Sandy (2019) which suggests that the well-developed Organizational Commitment dimension is the Affective Commitments dimension.

The impact between the dimensions of the variable Normative Commitment and the performance of the organization, has a P-value of 0,000 which in the sense has a significant influence. This is in line with research by Azka, et al (2020), which explains that most employees at XYZ Regional Jabar have made normative commitment as the basis of their commitment to remain in the XYZ regional Jabar..

The impact between the Continuance Commitment dimension and the Organization Commitment is significant, because it has a P-value of 0,000. It is also supported by research by Azka, *et al* (2020) which suggests that employees tend to bind themselves to their organizations because there is a need that is personal in nature (need to do).

The impact between variable Organization commitment to organizational performance has a significant influence because it has a P-value of 0.004. This is in line with a study by Ismaillah & Prasetyono (2021) on the Impact of Job Satisfaction and Organizational Commitment on Organizational Citizenship Behavior (OCB) on Tiara Supermarket Employees.

The impact between variable transformational leadership and organizational performance gained significant influence based on the path coefficient test results having a value of 0,000 which is not more than 0.005. It is supported by Novitasari & Asbari, (2020) researching the impact of talent management, leadership and employee engagement on employment satisfaction in the automotive industry that exists in Southeast Asia using dependent variables that are job satisfaction, independent variable that is management talent and ownership with having mediation variable employer engagement.

Indirect Effect Testing**Table 5. Total Indirect Effect Test**

Path	T-Statistics	P-Values	Conclusion
Affective Commitment -> Organizational Performance	2.853	0.004	Significant
Continuance Commitment -> Organizational Performance	2.779	0.006	Significant
Normative Commitment -> Organizational Performance	2.830	0.005	Significant
Talent Management -> Organizational Performance	0.486	0.627	Not significant

Source: SmartPLS Processed Primary Data (2023)

The above table 5 is an indirect effect table where the results of this test can be said to be significant or non-significant if the P-value value has a value below 0.005 (Hair et al., 2018). So from the Indirect Effect test results table, then the result of the analysis of the hypothesis that can be explained is as follows:

The impact between talent management and organizational performance based on the results of the indirect effect data test the value obtained is >0.005 which is 0.627 and has no significant description. This is in line with the study Ilham Safar, et al (2022) that investigated the relationship between talents management and organization commitment.

The impact between talent management and organizational performance mediated by affective commitment has a P-value of 0.004 which has a significant influence. This is in line with Sandy (2019) research that suggests that a well-developed dimension of Organizational Commitment is the Affective Commitment dimension.

The impact between talent management and organizational performance mediated by Continuance Performance has a significant influence because it has a P-value of 0.006. This is also supported by research by Azka, et al (2020), which suggests that employees tend to attach themselves to their organizations because there is a need of a personal nature (need to do).

The impact between talent management and organizational performance mediated by normative commitment has a significant value of 0.006. This is in line with the results of the research carried out by Azka, et al (2020). The study states that the majority of employees at XYZ Regional Jabar consider normative commitment as the main factor that makes them want to continue working in the company.

The impact between the transformational leadership variable and the organizational performance is significant because the value of the P-Value is 0,000. This is in line with a study by Windi, et al (2021) that investigated the impact of transformational leadership styles and organizational cultures on employee performance through work motivation as an intervening variable (Case study on PT Empat Angkasa Ekspres).

R Square**Table 6. R Square Test Results**

Variabel Dependen	R Square Adjusted
Organization Commitment	0.995
Organizational Performance	0.487

Source: *SmartPLS Primary Data Processing (2023)*

The above table 6 is a test of the effectiveness of determinas using R Square, and on this data processing there are two variables that come into the calculation of R Square namely; Organization Commitment, Organizational Performance where if the value is 0.75 high, 0.50 moderate, 0.25 low. And on such results organization commitment has a high value of 0.995 or 99.5% where organization commitments have an influence and whereas on the organizational performance value is low. Value 0.487 or 48.7%.

CONCLUSION

The conclusion of this study is that the variable Talent Management has a significant influence on Organizational Performance if seen based on the path coefficient test it can be understood that if in a company that has a good talent management then to get good performance for the company has a much better improvement. Transformational leadership has a significant direct influence and, if drawn into moderation, the resulting influence becomes insignificant, where the leadership style of a leader in a company has an influence on employee performance but this cannot be set as the primary factor affecting employee well-being.

The advice that can be given to the company is that the company can conduct surveys of the performance, desire, and commitment of employees to the firm as well as developments for talent management then this can help the company to know which employees have high potential to improve the company's performance. And, the suggestion for further researchers is that this study can be used as a comparison material for the next study using different objects to get more advanced results than before.

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