

Impact Of Talent Management On Organisational Performance- Mediating Role Of Talent Acquisition, Talent Retention, And Employee Engagement

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ABSTRACT

Organizations in the present scenario are immensely keen to have the best strategies for managing talents. However, acquiring great talents and retaining them has been one of the typical issues faced by organizations, especially in terms of Organisational performance it is very much needed. Another key component that strengthens the relationship between talent management and Organisational performance is employee engagement. Using a structured questionnaire as a survey instrument, we collected data from 382 responses from select organizations and tested the proposed hypotheses by framed conceptual model. The result indicates that the relationship between talent management and organizational performance is fully mediated by talent acquisition and retention but the same relationship is partially mediated by employee engagement. Finally, appropriate recommendations were offered to HR managers and talent management heads of the organizations.

Key Words: Employee Engagement, Organizational Performance, Talent Acquisition, Talent Management, Talent Retention,

Introduction

Considering the methods of managing talented employees, organizations are not required to have a traditional mechanism while recruiting since advanced machine learning algorithms are meant for it. Machine learning tools recognize and contact potential candidates much faster than recruiters do. Nevertheless, employees have sufficient time saved from their on-job role as an artificial enabled chat box system answer all the question they have. Talent acquisition and management have become much better due to technology interferences.; Talent is increasingly a crucial source of competitive advantage for businesses.

The performance of a company's employees determines its success. Employees with a specific skill set will help an organisation stand out from the competitors. HR managers must focus on both retaining and hiring talented personnel in today's competitive environment. Management of talent is a challenging and crucial responsibility. The acquisition of the proper people contributes to the success of the company's plan. Despite the fact that the current global economic situation has increased the number of individuals looking for employment around the world, there is still a considerable skill gap in numerous industries and countries, resulting in an increase in the problem of "talent

mismatch." When multitasking abilities are required, talent acquisition is becoming increasingly tough in today's business world. As a result, it's becoming increasingly difficult to locate the "right" person for a job. Businesses are concerned about not only attracting but also maintaining excellent staff. HR must act more strategically in the changing business landscape in order to enhance employee engagement, which is a vital tool for talent management. The hiring, promotion, and termination of employees are all aspects of talent management. In the relationship between talent management and organisational performance, this research attempts to investigate the mediation effect of talent acquisition, talent retention, and employee engagement.

Literature Review

Talent management

Talent management became popular among HR practitioners around two decades ago (in the late 1990s). "As a significant motivation, 'The War for Talent' (Rozario et al., 2020). HR's talent management focus was a global-local effort to guarantee that strategic decisions and operational HR operations were focused on attaining competitive advantage through people. Talent management has come to be understood as "a set of sustainable organisational strategies that use human capital to the organization's competitive advantage, as well as a portfolio of integrated HR activities that result in putting the right people with the right competencies in the right job in the right place, at the right cost," as practiced by global and innovative firms(Claus, 2019).

Talent acquisition, according to (Pandita & Ray, 2018), is the process of attracting and hiring high-potential personnel. Talent development refers to the process of teaching existing talent to improve their competences and abilities in order to respond to the current and future needs of the business in order to achieve organisational growth and construct a succession plan for key roles. Talent retention

is the final step of TM, and it comprises encouraging and engaging the firm's talent pool to improve their commitment to the organisation.

(Sivathanu & Pillai, 2020) revealed that HR managers face a difficult problem in retaining high-performing staff. These workers must be engaged and inspired to work hard. To keep them, HR managers are implementing strategies such as providing competitive compensation structures, difficult work, future skill training, timely feedback, and reward and recognition. Using AI and cloud-based TM software, technology is assisting in the utilization of these services. These softwares' predictive analytics data is offering an early warning for HR managers to predict employee attrition which can be avoided by intervening before the employees depart. Employee pulse surveys, which provide insights on existing employees' thinking and motivation, can be conducted quickly using technology(Meyers et al., 2013).

Organizational performance includes financial performance, shareholder return, organisational effectiveness, customer satisfaction, operational effectiveness, and other factors that lead to financial success. The purpose of TM and SHRM is to increase the efficiency and performance of organizations. Organizational performance can be achieved when human resources are aligned with the organization's operational system. Employee productivity, financial performance, and employee turnover are all measures of the contribution of SHRM practices to company success (Mohammed Sani Abdullahi, Adams Adeiza, Fadi Abdelfattah, Mobin Fatma, Olawole Fawehinmi, 2022).

Lower attrition and simpler hiring are just a few of the benefits of an engaged staff, as is expanding a company's knowledge base and gaining a competitive advantage. However, tracking only employee engagement is not a major one. It's just one of the many positive outcomes that strive for at work. Employee engagement consists of three interconnected

conditions: work that is meaningful, availability of variety and distractions, and social and organizational stability that makes work more enjoyable (Hongal & Kinange, 2020).

Research Methodology

Both exploratory and descriptive research designs were used as research designs in the present study since studying the effect of talent acquisition, talent retention and employee engagement mediation in the relationship between talent management and organizational performance has gotten less research in micro, small and medium enterprises in India. Employees working in the MSMEs companies in the state of Andhra Pradesh were approached for the purpose of data collection. All of these employees were considered as samples of the study who were selected randomly (simple random sampling). Prior permission was received from top management for collecting responses from the sample. A structured questionnaire was the survey instrument and it has been developed based on the standard measurement scales. Moreover, the total number of samples used for data analysis and hypotheses testing was 382. The following

Table No: 1 Demographic Details

Demographic Variable	Category	Frequency	Percentage
Gender	Male	121	31.7
	Female	261	68.3
Age	21-25	30	7.9
	26-30	47	12.3
	31-35	76	19.9
	36-40	121	31.7
	41-45	32	8.4
Educational Qualification	UG	149	39.0
	PG	188	49.2
	Others	45	11.8
Job Level	Middle	135	35.3
	Lower	60	15.7
	managerial	187	49.0

Table no: 2 shows the mean response rate of each variable in the study and its standard

Research hypotheses were framed based on the literature support

H₁: Talent Management has a significant impact on Organisational Performance

H₂: Talent Acquisition mediates the relationship between Talent Management and Organisational Performance

H₃: Talent Retention mediates the relationship between Talent Management and Organisational Performance

H₄: Employee Engagement mediates the relationship between Talent Management and Organisational Performance

Analysis and Results

From table no:1 shown below, the details of the demographic profile of the respondents can be detected. The study has more male respondents who participated in the survey than those females whose age is between 36 years to 40 years. Respondents with an age group of 31 to 35 years were also found significant in the present study. The majority of the respondent was postgraduates (49%) and their job level was found at the managerial level in the select organization for the study.

deviation. Except for the items measuring talent management, remaining all other items which

measure organizational performance, talent acquisition and retention, and employee engagement, the mean response was found

positive. All the variables have got a positive relationship with each other.

Table No:2 Mean, SD, and Inter–Correlation

	Mean	SD	1	2	3	4	5
1.Talent Management	3.96	0.92	1				
2.Organizational Performance	3.78	0.83	0.421***	1			
3.Talent Acquisition	4.12	0.42	0.521***	0.489***	1		
4.Talent Retention	4.03	0.87	0.314***	0.389***	0.643***	1	
5.Employee Engagement	3.98	0.99	0.476***	0.487***	0.578***	0.711***	1

Note: *** all the correlations are significant at 1% level of significance

Measurement Model

Confirmatory factor analysis was performed on the variables using their measured items. Construct validity was assessed by all the fit indices suggested. We observed the fit indices like chi-square ratio not more than 0.50, CFI critical value more than 0.90, NFI critical value more than 0.90, and GFI critical value more

than 0.90. RMSEA was observed with less than 0.08. Discriminant validity was ensured with Composite reliability and Average Variance Extracted critical values. All the variables were proved with more than 0.50 AVE which ensured composite reliability and the square root value of AVE was found more than the inter construct correlations between the variables (see table 3)

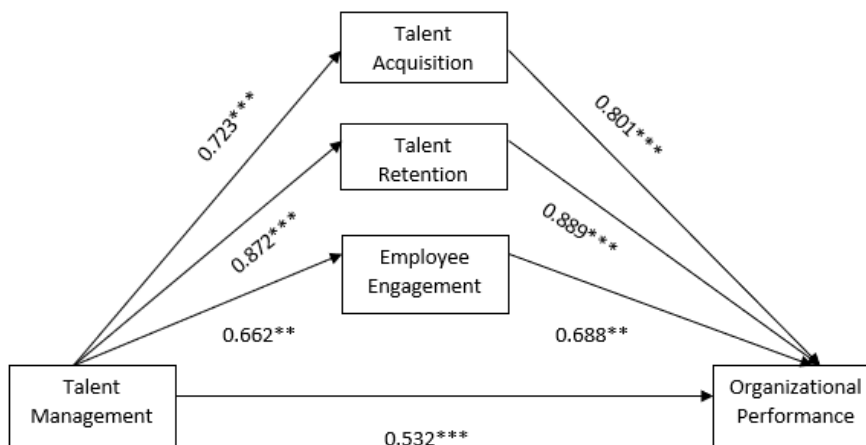
Table No:3 Discriminant Validity

	CR	AVE	1	2	3	4	5
1.Talent Management	0.873	0.785	0.886				
2.Organizational Performance	0.889	0.821	0.421***	0.906			
3.Talent Acquisition	0.902	0.832	0.521***	0.489***	0.912		
4.Talent Retention	0.912	0.856	0.314***	0.389***	0.643***	0.925	
5.Employee Engagement	0.904	0.721	0.476***	0.487***	0.578***	0.711***	0.849

Structural Model

The conceptual model shown in figure 1 was tested using Amos software. All the path movements were the proposed hypotheses and this hypothesis was tested by the structural

equation modeling method of analysis. The result of the structural model is as follows: $\chi^2 = 452$, $df = 134$, $p = 0.000$, $\chi^2/df = 3.373$, $GFI = 0.932$, $CFI = 0.945$, $TLI = 0.951$ and $RMSEA = 0.031$, providing evidence of good fit.

Figure No:1 Resulted Hypothesised Model

In the conceptual model, talent management and talent acquisition explain 74.8 % variance in Organisational performance ($R^2=0.748$), talent management and talent retention explain 78.1 % variance in Organisational performance ($R^2=0.781$), and talent management and employee engagement explain 63.2 % variance in Organisational performance ($R^2=0.632$). However, talent management explains directly 57.1 % variance in Organisational performance. We found talent management directly influences organizational performance ($\beta = 0.532$; $P < 0.001$), talent management influence talent acquisition significantly ($\beta = 0.723$; $P < 0.001$) in turn it affects organizational performance ($\beta = 0.801$; $P < 0.001$). talent management influence talent retention significantly ($\beta = 0.872$; $P < 0.001$) in turn it affects organizational performance ($\beta = 0.889$; $P < 0.001$). talent management influence organizational performance significantly ($\beta = 0.662$; $P < 0.05$) in turn it affects organizational performance ($\beta = 0.688$; $P < 0.05$).

Mediation Analysis

To run the mediation analysis in the proposed model shown in Figure 1. We used Sobel test along with bootstrap standard errors to test the significant mediation effect of Talent acquisition, talent retention, and employee engagement in the relationship between talent

management and organizational performance. Bootstrapped was based on 1000 re-sampling because Sobel test requires a large sample size (Hayes & Preacher, 2010). Referring Sobel test online calculator, we found that the Talent management and organizational performance relationship is fully mediated by talent acquisition (Sobel Test Statistic = 2.567; $P < 0.001$); talent retention (Sobel Test Statistic = 2.671; $P < 0.001$); and (Sobel Test Statistic = 2.220; $P < 0.05$). Coming to fit indices, the conceptual model has got a good fit since all the critical thresholds of: $\chi^2 = 478$, $df = 134$, $p = 0.000$, $\chi^2/df = 3.567$, $GFI = 0.911$, $CFI = 0.926$, $TLI = 0.941$ and $RMSEA = 0.061$ were under recommended range.

Discussions and Recommendations.

Respondents have agreed positively towards all the items that measure talent management, organizational performance, talent acquisition, talent retention, and employee engagement. Talent management strategies in an organization significantly influence its performance ($\beta = 0.532$; $P < 0.001$). Talent management and organizational performance relationship is fully mediated by talent acquisition (Sobel Test Statistic = 2.567; $P < 0.001$). Talent management and organizational performance relationship is fully mediated by talent retention (Sobel Test

Statistic = 2.671; $P < 0.001$). Talent management and organizational performance relationship is fully mediated by organizational performance (Sobel Test Statistic = 2.220; $P < 0.05$). based on the results in the hypothesized model, we found that the talent management and organizational performance relationship was significant such that effective and efficient methods for talent acquisition or hiring and talent retention would be the source for greater performance of the organization. It is recommended to the HR manager and/or HR practitioners to incorporate technology-enabled talent acquisition methods to attract new talents which guarantee significant betterment in organizational performance. Furthermore, talent retention is indicated as one critical component to achieving financial success, shareholder return, organizational effectiveness, customer delight, and operational effectiveness as a result of organizational performance. Developed employee engagement would definitely bring a high-level organizational performance therefore, organizations and HR managers should focus more on strategies to ensure engaged employees are more in the organization.

Limitations and Future Research

The present research is intended to test the mediating role of talent acquisition, talent retention, and employee engagement in the relationship between talent management practices and Organisational performance. However, the study has got its limitation such as it is very much related to the Indian MSMEs sector only since managing talent in terms of hiring, retaining for organizational performance appears to be different for different sectors. Future research studies can be considered as a future research scope. Adding to this, the role of technology as a moderator in the relationship between talent management and organizational performance could be a chance for future research.

Conclusion

The present research study is an attempt to examine the relationship between talent management and organizational performance and moreover, it tested the mediating effect of talent acquisition, talent retention, and employee engagement in the relationship between talent management and organizational performance. We found that all the three mediators significantly fully mediated the relationship between talent management and organizational performance. Recommendations were offered to the HR managers and HR practitioners.

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