

## The Mediating Role of Employee Engagement: The Impact of Healthcare Talent Management on Improving Employee Performance in East Java, Indonesia



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**ABSTRACT:** Health services by Community Health Centers (Puskesmas) are required to meet performance indicators such as accreditation status and community satisfaction. However, the staffing aspect is still inadequate in terms of both number and type of profession. Therefore, employee performance management must be improved through talent management and employee engagement. This study aims to determine the effect of talent management on employee performance mediated by employee engagement at the Coordinating Health Center for Region I, Malang Regency. This is a descriptive study with a quantitative approach using primary and secondary data. Primary data is collected through questionnaires, while secondary data is collected through reports, books, and scientific journals. The population is Civil Servants at 7 Puskesmas. The sample was taken using the "Issac and Michael" formula with an error rate of 5%, and 133 respondents were obtained. Respondents were selected randomly and proportionally. Analysis techniques include validity and reliability tests, classical assumption tests, multiple regression tests, and structural equation models. Research results: talent management has a positive and significant effect on employee performance, employee engagement has a positive and significant effect on employee performance, the indirect effect of talent management on employee performance through employee engagement as a mediator is greater than the direct effect of talent management on employee performance.

**KEYWORDS:** Talent Management, Employee Engagement, Employee Performance

### I. INTRODUCTION

Public health services organized by the Health Center include public health efforts (UKM) and individual health efforts (UKP). Service performance is required to meet various indicators set by the Government including meeting accreditation standards and the public satisfaction index (IKM). As a Technical Implementation Unit (UPT) of the Health Service, the human resources that manage and run public services are the State Civil Apparatus (ASN) consisting of Civil Servants and Prospective Civil Servants (PNS and CPNS) and Government Employees with Work Agreements (PPPK). The performance assessment of the Health Center in Malang Regency in 2023 showed good results for the Administrative Performance and Program Performance indicators, all Health Centers passed the Plenary Accreditation, and the results of the IKM Survey reached the Good category. This achievement is certainly influenced by the success of the performance management of Health Center Employees. In fact, the number of Health Center employees in Malang Regency is currently in the insufficient category, so that many employees do multitasking tasks.

Managing limited employees to achieve good performance requires a good strategy. Employee performance is influenced by various factors including talent management and employee engagement. The influence of talent management, knowledge management, employee capability, employee engagement on employee performance has been tested and studied by previous authors including Harahap, S.M.M. (2018), Karina, N.K. et al (2019), Wahyuni, R.A. (2019), Sabbatho, K. (2020).

Based on the background and several research results, the researcher is interested in examining and analyzing whether there is an influence of talent management on employee performance with employee engagement as a mediating variable at the Coordinating Health Center for Region I in Malang Regency. In this study, the objects of research were 7 Health Centers in Coordinating Region I which represented the types of Urban Health Centers and Rural Health Centers in Malang Regency.

Employee performance is a very important thing in a company's efforts to achieve its goals. One way that can be used to see the development of the company is by looking at the results of the performance assessment. Simanjuntak (2011); Utami, et al (2020); Prawitasari et al (2020), stated that performance is the level of achievement of results from carrying out certain tasks. It was also stated by Indah et al (2020) who studied public hospitals that performance in health workers includes outputs regarding

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health services to the community. Individual performance must support the success of organizational performance, in addition, employee performance reflects work results, not just job descriptions and behaviors shown in working and interacting with others (Aman et al., 2021) and is contained in Permen PAN&RB No. 6 of 2022.

Each person's performance is influenced by many factors that can be classified into three groups Tze Zan (2012) namely individual competence, organizational support, and management support. To assess performance according to Dessler (2016) the following indicators are used: 1) Quality; 2) Productivity; 3) Knowledge of work; 4) Trustworthiness; 5) Availability; and 6) Freedom.

Talent according to Pella and Afifah (2011) are people who want to be maintained by the company because of their advantages. Talent can also be interpreted as employees who are identified as having the potential to become future leaders of the company (company future leaders). The source of talent at the Puskesmas is obtained from the civil servant procurement process, the process of which is regulated in the Regulation of the Minister of PAN&RB Number 27 of 2021. Davis (2009), states that talent management is a planned and structured corporate approach to recruiting, retaining and developing talented people who consistently deliver superior performance.

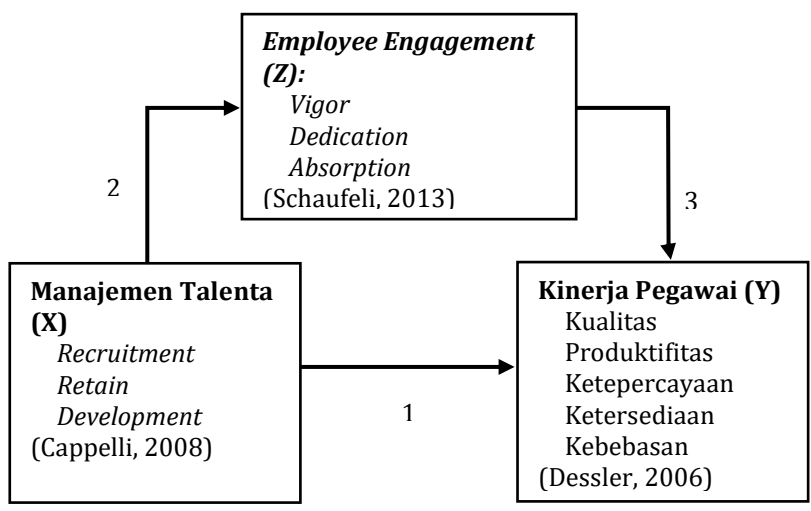
Measurement of talent management according to Capelli (2008) includes: 1) Recruitment, namely the process of searching and selecting employees who are considered able to fill the positions needed in the company; 2) Retain, namely the process aimed at retaining talented employees in the company; and 3) Developing, namely the process aimed at developing employee talents to improve abilities and performance.

Khan (1990) defines employee engagement as Personal Engagement that utilizes oneself as a member of the organization to perform their work roles by expressing themselves physically, cognitively, and emotionally. Engagement means being psychologically present when occupying and performing a role in the organization. Employee engagement is a terminology about the sense of attachment and involvement of an employee to his organization that enables him to do something beyond his abilities and give his best performance to achieve the goals of his organization. Employee engagement is the result of an organization's efforts in doing something through organizational culture, vision and values adopted and the organization's brand; management and leadership; and work environment/working life that makes employees feel engaged with the organization (Saks in Sadeli, 2012).

Schaufeli (2002) measures employee engagement with 3 indicators, namely: 1) Vigor, namely a high level of strength and mentality in working, a desire to try hard, and perseverance in facing difficulties; 2) Dedication, namely a feeling of meaning, enthusiasm, inspiration, pride and challenge in work; and 3) Absorption, namely employees are always consistent and serious about a job so that time feels like it passes quickly and they find it difficult to separate themselves from work.

## Conceptual Framework

Based on the literature review above, the conceptual framework in this study is structured as shown in the following figure:



## II. METHOD

This research is a descriptive study with a quantitative approach. The data used consists of primary data and secondary data. Primary data was obtained through questionnaires, while secondary data through reports, books and scientific journals. The questionnaire consisted of 54 statement items with details of 20 statement items for talent management variables, 16 statement items for employee engagement variables, and 19 statement items for employee performance variables. The study population was

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all civil servants and civil servant candidates at 7 Health Centers in the Malang Regency Coordination Area I which included the Kepanjen, Kromengan, Ngajum, Pakisaji, Sumberpucung, Wagir and Wonosari Health Centers with a total of 203 employees. Determination of population criteria was based on laws and regulations that limit talent development to ASN only. The research sample was taken using the Issac and Michael formula with an error rate of 5% and a sample size of 133 respondents was obtained. Determination of respondents used the proportionate stratified random sampling technique because the number of employees in each Health Center was different.

The data analysis technique used is descriptive analysis for each variable and a requirements analysis test for further hypothesis testing using multiple regression and path analysis. The analysis requirements tests performed were the normality, multicollinearity, and heteroscedasticity tests. Hypothesis testing using multiple regression analysis was carried out to determine whether the independent variables partially influence the dependent variable and to determine the linear regression equation. Path analysis was carried out to determine whether the mediating variable can mediate the independent variables on the dependent variable. Analysis of needs testing, hypothesis testing, and multiple linear regression analysis equations using the help of IBM SPSS Statistics version 26 software.

### III. RESULT AND DISCUSSION

#### A. Result

##### 1. Partial test (t-test)

The basis for decision-making in this partial test is that if the significance value  $t$  is  $< 0.05$ ,  $H_a$  is accepted, whereas if the significance value  $t$  is  $> 0.05$ ,  $H_a$  is rejected. Partial test results (t-test) are presented in the following table:

**Table 1 Partial Test Results Model 1**

Model	Regression Coefficient	t	Sig.
Talent Management (X)	0,674	10,430	0,000

The influence of Talent Management (X) on Employee Engagement (Z) obtained a path coefficient of 0,674 with a significance value (p) of 0,000 ( $p < 0,05$ ), so it is stated that there is a significant positive influence. This shows that the higher the level of Talent Management (X), the higher the Employee Engagement.

**Table 2 Partial Test Results Model 2**

Model	Regression Coefficient	t	Sig.
Talent Management (X)	0,140	2,067	0,041
Employee Engagement (Z)	0,719	10,601	0,000

The influence of Talent Management (X) on Employee Performance obtained a path coefficient of 0,140 with a significance value (p) of 0,041 ( $p < 0,05$ ), so it is stated that there is a significant positive influence. This shows that the higher the level of Talent Management (X), the higher the Employee's Performance.

The influence of Employee Engagement (Z) on Employee Performance obtained a path coefficient of 0,719 with a significance value (p) of 0,000 ( $p < 0,05$ ), so it is stated that there is a significant positive influence. This shows that the higher the Employee Engagement (Z) level, the higher the Employee's Performance.

#### 2. Path Analysis

**Table 3 Path Analysis Results**

Variable	Direct Effect	Indirect Effect	Total Effect	Information
Talent Management (X) – Employee Engagement (Z) – Employee Performance (Y)	0,140	$0,674 \times 0,719 = 0,484$	$0,140 + 0,484 = 0,624$	Indirect effect $>$ direct effect, $0,484 > 0,140$

The indirect effect of talent management on the employee performance variable through the employee engagement variable is  $0,484 >$  direct effect  $0,140$ . This means that the employee engagement variable can become a perfect mediating variable for the talent management variable on the employee performance variable.

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## **B. DISCUSSION**

### **1. The Influence of Talent Management on Employee Engagement**

Talent Management has a positive and significant effect on employee engagement. This means that stages in talent management such as work orientation can increase employee engagement in the Puskesmas organization. The results of the study are in line with the journal Mangunsho, et al (2015) which states the direct impact of talent management on employee engagement, especially in the functions of recruitment, development and retention. The results of research from Muhammad (2015); Humaid (2018); and Khairina (2021) state that talent management makes employees more committed and involved in their work to generate maximum profits. The theoretical contribution of this study tests 3 indicator measurements from Capelli's Theory (2008) which are used to measure talent management. The retain indicator has the lowest value, namely 3.95 among other indicators, so it can reduce employee engagement at the Puskesmas Coordinator Region I Malang Regency. Of course, the Puskesmas can use this as a reference in terms of implementing talent management in managing employees to achieve optimal results.

### **2. The Influence of Talent Management on Employee Performance**

Talent Management has a significant and positive effect on Employee Performance. This means that employee and talent management occurs at the Coordinating Health Center for Region I, Malang Regency. Although the direct influence value of talent management on employee performance is not too large, it is statistically considered significant. The results of this study are in line with the results of research by Noer, et al (2017); Khairina (2022); and Dyah (2022), which state that good talent management practices have a positive effect on employee performance. The theoretical contribution in this study tests Capelli's theory (2008) where the lowest value of the talent management variable is retain compared to other indicators. A practical contribution for the Health Center to improve the perception of employee retain in talent management is through providing opportunities for potential talents to take part in internal selection in filling important positions that are needed by setting good standard procedures.

### **3. The Influence of Employee Engagement on Employee Performance**

Employee engagement has a positive and significant effect on Employee Performance. This means that employees with high attachment to the Health Center will show positive attitudes and behaviors towards their work. Employee engagement plays an important role in achieving organizational goals through enjoyment in work which is manifested in the role of responsibility for work and dedication which is manifested in efforts to provide the best performance for the Health Center. This also answers the research question that although important positions in the Health Center organization are not widely available, employees feel that enjoyment and dedication in work are more important to realize the goals of the Health Center organization. The results of this study are in line with the findings of Wahyuni, R. A. (2019); Umi Hastanti, D. (2022); Suchayowati (2020), which state that employee engagement has a significant and positive effect on employee performance. The theoretical contribution of researchers in this study tests Schaufeli's theory (2013) in the employee engagement variable where from the results of this study the vigor indicator has the lowest results. This should be a concern for the Health Center Leaders to foster employee work enthusiasm.

### **4. The Influence of Talent Management on Employee Performance through Employee Engagement**

Employee engagement at the Health Center Coordinator Area I of Malang Regency is able to improve employee performance because of the talent management process that is implemented properly. The results of this study are in accordance with the results of research by Harahap, S.M.M (2018) and Wahyuni, R.A (2019) which state that employee performance is positively and significantly influenced by talent management through employee engagement. Based on the results of this study, good talent management practices at the Health Center in the Coordinator Area I of Malang Regency have influenced employee engagement which in turn affects employee performance. In this regard, improving the management of existing personnel and talents needs attention and continues to be improved in order to achieve stronger employee engagement which can ultimately improve employee performance and its impact on satisfactory Health Center performance.

## **IV. CONCLUSION**

Talent management at the Coordinating Health Center for Region I of Malang Regency is supported by good management at the recruitment and development stages, while employee engagement is supported by indicators of employee absorption and dedication, and employee performance is supported by indicators of freedom and knowledge about work. The researcher suggests that for future research, the scope of the research be expanded to all Health Centers in Malang Regency so that more convincing conclusions can be drawn within the framework of talent management, employee engagement and employee performance. In addition, related to the high workload of Health Center Employees in Malang Regency, further research is possible using other variables such as work climate, organizational culture, knowledge management, and leadership theory. These other variables are theoretically related to talent management, employee engagement and employee performance.

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