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Examining the Effect of Talent Management on Employee Performance: Mediation of Employee Engagement and Moderation of Organizational Culture

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Abstract: Human resource management in an era of competition and workplace transformation requires organizations to focus not only on competency development but also on the ability to foster employee engagement and an organizational environment that supports sustainable performance. This study develops a model of the relationship between talent management, employee engagement, organizational culture, and employee performance in the context of organizations in Indonesia. The primary focus of the study lies in how employee engagement acts as a psychological mechanism explaining the influence of talent management on employee performance, as well as how organizational culture reinforces this relationship. The research was conducted using a quantitative approach via a survey of 200 respondents and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The research findings indicate that the impact of talent management on employee performance is not direct or automatic, but rather operates through employees' psychological attachment to their work and the organization. Furthermore, a supportive and adaptive organizational culture has been shown to enhance the effectiveness of talent management practices in improving work performance. This study confirms that an organization's success in improving employee performance is determined not only by the quality of its talent management system but also by its ability to foster engagement and a work culture that supports learning, participation, and continuous development.

Keyword: Talent Management, Employee Engagement, Organizational Culture, Employee Performance.

INTRODUCTION

Changes in the business environment driven by globalization, technological advancements, and digital transformation require organizations to have a workforce that is

adaptable, competitive, and capable of supporting organizational sustainability. In this context, it is no longer sufficient for organizations to focus solely on recruiting high-quality employees; they must also be able to strategically manage and retain talent to remain relevant in an increasingly dynamic work environment. The challenges of human resource management in Indonesia remain complex. Data from the Central Statistics Agency (BPS) indicates that by February 2025, Indonesia's labor force will reach 153.05 million people, with an open unemployment rate of 4.76 percent. Additionally, a Gallup report shows that only about 27 percent of employees in Indonesia are considered engaged at work. This situation is further underscored by a World Economic Forum projection estimating that approximately 36 percent of core job competencies in Indonesia will undergo changes over the next five years. Meanwhile, the World Bank reports that about 21 percent of the 15–24 age group in Indonesia falls into the “not in employment, education, or training” (NEET) category. These various data indicate that organizations face challenges not only in recruiting competent employees, but also in maintaining employee engagement and ensuring their skills remain up to date amid rapid changes in the workplace.

In addressing these challenges, organizations require a more strategic and long-term human resource management approach, one of which is through the implementation of talent management. Talent management is understood as an organization's strategic practice in identifying, developing, placing, and retaining high-potential employees to achieve the organization's competitive advantage. The effective implementation of talent management is believed to enhance organizational productivity, innovation, and competitiveness in a sustainable manner. Several studies indicate that the practices of talent identification, talent development, talent culture, and talent retention have a positive impact on employee satisfaction, organizational commitment, employee engagement, and organizational performance (Shah et al., 2024; Sinisterra et al., 2024; Syah et al., 2025). Research by Putri et al. (2023) also found that talent management has a positive effect on employee performance through increased job satisfaction and employee engagement. Similar results were reported by Febrian and Solihin (2024), who stated that effective talent management can create a more productive work environment and enhance individual contributions to the organization. These findings indicate that talent management not only plays a role in improving organizational effectiveness but also influences employees' psychological well-being and work behavior.

In the context of organizational behavior, one psychological aspect frequently linked to improved employee performance is employee engagement. Employee engagement describes a positive psychological state in which employees demonstrate enthusiasm, dedication, and full commitment to their work and the organization. Employees with high levels of engagement tend to exhibit greater enthusiasm, creativity, adaptability, and a stronger sense of responsibility compared to disengaged employees. From the perspective of the Job Demands-Resources Theory (JD-R), employee engagement arises when an organization is able to provide adequate work resources, including career development support, training, leadership, and an effective talent management system. Research by Lee and Jo (2023) shows that employee engagement mediates the relationship between job resources and employee performance, while Jehanzeb et al. (2025) found that human resource management practices oriented toward employee well-being influence employee performance through employee engagement. In addition, studies by Amrina et al. (2024) and Nusraningrum et al. (2024) show that employees with high levels of engagement tend to exhibit more proactive work behavior, higher productivity, and greater adaptability. Thus, employee engagement can be understood as a psychological mechanism that explains how talent management practices translate into improved employee performance.

Although employee engagement plays a crucial role in improving work performance, the effectiveness of talent management is also influenced by organizational factors, one of

which is organizational culture. Organizational culture is a set of values, norms, and behavioral patterns that guide organizational members in carrying out their work activities. A positive organizational culture can create a work environment that supports collaboration, innovation, and individual development, whereas a non-adaptive organizational culture can hinder the effectiveness of human resource policies. Several studies indicate that an inclusive and supportive organizational culture can enhance employee engagement, organizational resilience, and employee performance through open communication, shared values, and supportive leadership (Nursalimah et al., 2025; Joon et al., 2025; Srivastava et al., 2025). Furthermore, Saimin et al. (2025) found that organizational culture has a positive effect on employee performance and employee engagement in organizations that implement agile leadership. These findings indicate that organizational culture can enhance the effectiveness of talent management in improving employee performance, particularly when organizations are able to foster a work culture that supports continuous learning, collaboration, and talent development.

Despite the growing body of literature on talent management and employee performance, empirical findings remain inconsistent across different organizational contexts. For instance, while Abdullahi et al. (2022) found a significant indirect effect of talent management on performance through employee engagement, Aljbour et al. (2024) reported weaker or context-specific relationships, suggesting the effect is not universal. Collings and Mellahi (2009) emphasized that strategic talent management must be embedded in organizational systems to yield consistent outcomes, yet many studies treat it as a standalone HR function. These inconsistencies indicate that the relationship between talent management and employee performance is conditional and may depend on unmeasured psychological and contextual mechanisms not captured in prior models. Moreover, most previous studies have examined either employee engagement as a mediating variable or organizational culture as a moderating variable in isolation, without integrating both mechanisms into a unified analytical framework. This absence of integrated frameworks constitutes a significant theoretical and empirical gap, particularly in the context of developing economies such as Indonesia, where hierarchical workplace norms, collectivist values, and paternalistic leadership styles may substantially alter the dynamics of talent management effectiveness (Sinisterra et al., 2024; Firdausi and Wajdi, 2024).

This study integrates two complementary theoretical frameworks to explain the relationship among talent management, employee engagement, organizational culture, and employee performance. From the Resource-Based View (RBV) perspective (Barney, 1991), talent is conceptualized as a strategic, inimitable organizational resource that generates sustained competitive advantage when systematically managed. Talent management practices, including talent identification, development, and retention, represent the organization's deliberate investment in this resource. From the Job Demands-Resources Theory (JD-R) perspective (Bakker and Demerouti, 2017), these talent management investments function as key job resources that fuel employee engagement by fulfilling psychological needs for growth, recognition, and autonomy. The integration of RBV and JD-R thus provides a multi-level explanation: RBV explains why organizations invest in talent management at the strategic level, while JD-R explains how these investments generate engagement at the psychological level, which subsequently drives individual performance outcomes. Organizational culture serves as the contextual boundary condition that amplifies or attenuates this process, consistent with Person-Organization Fit Theory (Kristof, 1996).

Three additional theoretical perspectives further enrich the conceptual model. Drawing on Social Exchange Theory (Blau, 1964), when organizations invest in employees through talent management, employees perceive this as organizational support and reciprocate through heightened engagement and superior performance. Perceived Organizational Support

Theory (Eisenberger et al., 1986) further suggests that talent management programs perceived as transparent and merit-based strengthen employees' beliefs that the organization values their contributions, fostering both engagement and performance. The AMO Theory (Appelbaum et al., 2000) provides a complementary structural lens: talent management builds employee Ability; engagement provides the Motivation; and a supportive organizational culture creates the Opportunity for high performance. Together, these theoretical perspectives justify the integrated model tested in this study.

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This study addresses the aforementioned gap through three forms of novelty. Theoretically, it unifies RBV and JD-R with Social Exchange Theory and AMO Theory in the single integrated framework outlined above. Empirically, rather than examining mediation and moderation separately as most prior studies do, it tests employee engagement as a mediator and organizational culture as a moderator within one SEM-PLS model, yielding a more nuanced causal explanation. Contextually, it is situated in Indonesia's high-power-distance, collectivist, and paternalistic organizational setting (Hofstede et al., 2010), offering insights distinct from findings in Western, developed-country settings. Accordingly, this study aims to analyze the influence of talent management on employee performance, with employee engagement as a mediating variable and organizational culture as a moderating variable.

METHOD

Research Design

This study employs a quantitative approach with an explanatory research design to examine the effect of talent management on employee performance, with employee engagement as a mediating variable and organizational culture as a moderating variable. The quantitative approach is appropriate because this study aims to test hypotheses and explain causal relationships among variables using numerical data and statistical analysis. The explanatory design is used to identify whether talent management influences employee performance both directly and indirectly through employee engagement, as well as whether organizational culture strengthens this relationship.

Population and Sample

The population of this study consisted of employees working in organizations in Indonesia that have implemented talent management practices. The sampling technique used was purposive sampling with the following criteria: (1) permanent employees, (2) employees with a minimum of one year working experience, and (3) employees who were aware of or involved in talent management practices such as employee development, retention, and career planning. While this non-probability technique was necessary to ensure that respondents had direct exposure to talent management practices, it does not involve random selection from the population and therefore constrains the extent to which the findings can be statistically

generalized beyond the sampled organizations; the results should be read as indicative of employees in similar

The sample size in this study consisted of 200 respondents. The determination of the sample size referred to the requirements of Structural Equation Modeling-Partial Least Squares (SEM-PLS), which recommends a minimum sample size of 5–10 times the number of indicators used in the research model. Therefore, 200 respondents were considered sufficient to ensure statistical power and model estimation quality.

Data Collection Technique

Primary data were collected using a structured questionnaire distributed online. Responses were measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire items were adapted from previously validated studies and adjusted to fit the context of this research. Before the main survey, the instrument was reviewed to ensure clarity, relevance, and consistency of meaning.

Primary data were collected using a structured online questionnaire distributed via Google Forms. The survey link was disseminated through professional networks including LinkedIn, WhatsApp groups of HR practitioners, and direct email invitations to HR departments of participating organizations. Participants received a brief explanation of the study purpose, and anonymity was assured. Reminder messages were sent two weeks after the initial distribution to improve response rates. The questionnaire was presented in Bahasa Indonesia to minimize language-related measurement error. Data collection was conducted during January-March 2026.

Of the 250 questionnaires distributed, 215 were returned (response rate = 86%). After excluding 15 incomplete responses, 200 questionnaires were retained for final analysis (usable response rate = 80%).

Prior to the main survey, a pilot test was conducted with 30 respondents drawn from a similar population but excluded from the final analysis. The pilot test assessed item readability, comprehension, and average response time. Three questionnaire items were rewarded for clarity based on feedback. Cronbach's Alpha values from the pilot test exceeded 0.70 for all constructs, confirming preliminary instrument reliability.

Operational Definition of Variables

The study includes four variables: talent management (independent variable), employee engagement (mediating variable), organizational culture (moderating variable), and employee performance (dependent variable).

Table 1. Operational Definition of Variables

Variable	Indicators	Source
Talent management (X)	Talent identification; talent development; career development; talent retention; succession planning	Adapted from abdullahi et al. (2022).
Employee engagement (Z)	Vigor; dedication; absorption	Adapted from utrecht work engagement scale (uwes) developed by wilmar schaufeli (2004)
Organizational culture (M)	Shared values; teamwork; communication; adaptability; organizational support	Adapted from denison organizational culture model developed by daniel denison (2006).
Employee performance (Y)	Quality of work; productivity; effectiveness; responsibility; target achievement	Adapted from individual work performance questionnaire (iwpq) developed by linda koopmans (2012).

Data Analysis Technique

Data analysis was conducted using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS 4. The analysis was carried out in two stages: outer model evaluation and inner model evaluation. The outer model assessment was used to test indicator reliability, convergent validity, discriminant validity, and composite reliability. Convergent validity was evaluated through outer loading and average variance extracted (AVE), while discriminant validity was assessed using the Fornell-Larcker criterion and cross-loadings. Reliability was examined through composite reliability and Cronbach's alpha.

The inner model assessment was used to test the proposed hypotheses and examine the explanatory power of the model. This stage included the evaluation of path coefficients, t-statistics, p-values, coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and collinearity statistics (VIF). Mediation analysis was conducted through bootstrapping to determine the indirect effect of talent management on employee performance through employee engagement. Moderation analysis was performed by testing the interaction effect between talent management and organizational culture on employee performance. The significance level used in hypothesis testing was 5 percent.

Ethical Considerations

This study was conducted with respect to research ethics. Respondents were informed that participation was voluntary, their responses would be kept confidential, and the collected data would be used solely for academic purposes. No personal identifiers were disclosed in the analysis or reporting of findings.

RESULT AND DISCUSSION

Respondent Profile

The demographic characteristics of respondents are presented in Table 2 below.

Table 2. Respondent Profile

Characteristic	Category	Frequency (n)	Percentage (%)
Gender	Male	112	56.0
	Female	88	44.0
Age	< 25 years	30	15.0
	25-34 years	90	45.0
	35-44 years	55	27.5
	> 44 years	25	12.5
Education	Diploma (D3)	22	11.0
	Bachelor (S1)	140	70.0
	Master (S2)	38	19.0
Length of Service	1-3 years	48	24.0
	3-5 years	72	36.0
	> 5 years	80	40.0
Industry Sector	Manufacturing	42	21.0
	Education	38	19.0
	Banking/Finance	35	17.5
	Technology	32	16.0
	Services/Retail	28	14.0
	Government	25	12.5
Organization Size	< 50 employees	28	14.0
	50-249 employees	74	37.0
	> 250 employees	98	49.0

Outer Loading

The results of the outer loading tests indicate that all indicators for the variables of talent management, employee engagement, organizational culture, and employee performance have outer loading values above 0.70 (See Table 3). This indicates that each indicator is able to represent the research construct well. Thus, all indicators are deemed valid and suitable for use in further analysis. High outer loading values also indicate that the indicators have a strong relationship with the latent variables being measured.

Table 3. Outer Loading Values

Construct	Indicator Code	Indicator Description	Outer Loading
Talent Management (X)	TM1	Talent Identification	0.896
	TM2	Talent Development	0.885
	TM3	Career Development	0.871
	TM4	Talent Retention	0.892
	TM5	Succession Planning	0.830
Employee Engagement (Z)	EE1	Vigor	0.895
	EE2	Dedication	0.882
	EE3	Absorption	0.903
Organizational Culture (M)	OC1	Shared Values	0.885
	OC2	Teamwork	0.806
	OC3	Communication	0.888
	OC4	Adaptability	0.863
	OC5	Organizational Support	0.879
Employee Performance (Y)	EP1	Quality of Work	0.867
	EP2	Productivity	0.850
	EP3	Effectiveness	0.864
	EP4	Responsibility	0.870
	EP5	Target Achievement	0.879
Threshold	All values must exceed 0.70		> 0.70

AVE, Cronbach's Alpha, Composite Reliability

Table 4. Reliability and Validity Statistics

Variable	Cronbach's Alpha	Composite Reliability (rho a)	Composite Reliability (rho c)	AVE
Employee Engagement (Z)	0.874	0.878	0.922	0.798
Employee Performance (Y)	0.917	0.918	0.938	0.750
Organizational Culture (M)	0.915	0.927	0.937	0.747
Talent Management (X)	0.924	0.929	0.942	0.766
Threshold	> 0.70	> 0.70	> 0.70	> 0.50

The results of the Average Variance Extracted (AVE) test indicate that all constructs have an AVE value above 0.50 (See Table 4), thereby meeting the criteria for convergent validity. In addition, the Cronbach's Alpha and Composite Reliability values for all variables are above 0.70. These findings indicate that the research instrument has good reliability and is capable of consistently measuring the research constructs.

Fornell-Larcker Criterion

Table 5. Fornell-Larcker Criterion

Construct	Employee Engagement (Z)	Employee Performance (Y)	Organizational Culture (M)	Talent Management (X)
Employee Engagement (Z)	0.894			
Employee Performance (Y)	0.600	0.866		
Organizational Culture (M)	0.236	0.376	0.865	

Construct	Employee Engagement (Z)	Employee Performance (Y)	Organizational Culture (M)	Talent Management (X)
Talent Management (X)	0.637	0.558	0.295	0.875

The Fornell-Larcker criterion requires that the square root of AVE for each construct (diagonal values) exceeds the inter-construct correlations. All diagonal values exceed corresponding off-diagonal values, confirming adequate discriminant validity.

HTMT

Table 6. Heterotrait-Monotrait Ratio (HTMT)

Construct	Employee Engagement (Z)	Employee Performance (Y)	Organizational Culture (M)	Talent Management (X)	OC x TM Interaction
Employee Engagement (Z)					
Employee Performance (Y)	0.666				
Organizational Culture (M)	0.261	0.405			
Talent Management (X)	0.702	0.602	0.314		
OC x TM Interaction	0.133	0.168	0.142	0.246	

The results of the Heterotrait-Monotrait Ratio (HTMT) test indicate that all HTMT values are below the tolerance limit of 0.90. These findings suggest that the research variables exhibit good discriminant validity and that there are no issues of excessive correlation among the constructs.

R²

Table 7 presents the coefficient of determination (R²) values for the endogenous constructs.

Table 7. R² Values

Variable	R-square	R-square Adjusted
Employee Engagement (Z)	0.406	0.400
Employee Performance (Y)	0.545	0.526

The R² value for Employee Engagement was 0.406 (adjusted R² = 0.400), indicating that 40.6% of the variance in employee engagement is explained by talent management, reflecting a moderate-to-strong explanatory contribution. The R² for Employee Performance was 0.545 (adjusted R² = 0.526), indicating that 54.5% of the variance in employee performance is explained collectively by talent management, employee engagement, organizational culture, and the moderating interaction term. According to Cohen (1988), R² values of 0.26 and above are considered large in behavioral research, confirming the substantial predictive power of this model.

Q²

The results of the predictive relevance test (Q²) show a value greater than zero. This indicates that the research model has good predictive power and is relevant in explaining the relationships among the research variables.

$$Q^2 = 1 - (1 - R^2_{Employee\ Engagement})(1 - R^2_{Employee\ Performance})$$

$$Q^2 = 1 - (1 - 0,406)(1 - 0,545)$$

$$Q^2 = 1 - (0,594)(0,455)$$

$$Q^2 = 1 - 0,27027$$

$$Q^2 = 0,72973$$

The Q^2 value of 0.730 substantially exceeds zero, confirming strong predictive relevance of the model in accordance with the Stone-Geisser criterion (Hair et al., 2017).

Path coefficient dan Moderating effect

Table 8. Path Coefficient and Moderating Effect Results

Relationship	Beta (O)	Sample Mean (M)	STDEV	t-statistic	p-value	Decision
Employee Engagement (Z) -> Employee Performance (Y)	0.378	0.383	0.101	3.749	0.000	Significant
Organizational Culture (M) -> Employee Performance (Y)	0.234	0.245	0.076	3.075	0.002	Significant
OC (M) x TM (X) -> Employee Performance (Y)	0.311	0.311	0.070	4.433	0.000	Significant
Talent Management (X) -> Employee Engagement (Z)	0.637	0.639	0.061	10.371	0.000	Significant
Talent Management (X) -> Employee Performance (Y)	0.323	0.317	0.096	3.365	0.001	Significant

The results of the path coefficient analysis indicate that talent management has a positive effect on employee engagement and employee performance. This means that the better talent management is implemented within an organization, the higher the levels of employee engagement and performance. Additionally, organizational culture has been shown to strengthen the relationship between talent management and employee performance. A positive organizational culture fosters a supportive work environment, thereby optimizing the effectiveness of talent management implementation.

Hypothesis testing

Hypothesis testing was conducted using the bootstrapping method by examining t-statistics and p-values. The results of the analysis indicate that all relationships between variables had t-statistics > 1.96 and p-values < 0.05, so all research hypotheses were accepted. These findings indicate that talent management has a significant effect on employee engagement and employee performance, employee engagement has a significant effect on employee performance, and organizational culture moderates the relationship between talent management and employee performance.

Table 9. Hypothesis Testing Results

Hypothesis	Relationship	Beta	t-value	p-value	Result
H1	Talent Management (X) -> Employee Performance (Y)	0.323	3.365	0.001	Supported
H2	Talent Management (X) -> Employee Engagement (Z)	0.637	10.371	0.000	Supported
H3	Employee Engagement (Z) -> Employee Performance (Y)	0.378	3.749	0.000	Supported
H4	Organizational Culture (M) -> Employee Performance (Y)	0.234	3.075	0.002	Supported
H5	OC (M) x TM (X) -> Employee Performance (Y)	0.311	4.433	0.000	Supported

Specific indirect effect

The results of the specific indirect effect test indicate that employee engagement significantly mediates the effect of talent management on employee performance. This suggests that the implementation of talent management not only has a direct impact on improving work performance but also enhances employee engagement, which in turn leads to improved employee performance. Thus, employee engagement serves as a key psychological mechanism in explaining the relationship between talent management and employee performance.

Table 10. Specific Indirect Effect

Indirect Path	Beta (O)	Sample Mean (M)	STDEV	t-statistic	p-value
TM (X) -> Employee Engagement (Z) -> Employee Performance (Y)	0.241	0.245	0.068	3.530	0.000

The indirect effect of talent management on employee performance through employee engagement was significant ($\beta = 0.241$, $t = 3.530$, $p < 0.001$). Critically, the direct effect of talent management on employee performance remained significant after controlling for employee engagement ($\beta = 0.323$, $t = 3.365$, $p = 0.001$), indicating partial mediation. The Variance Accounted For (VAF) was calculated as follows: Total Effect = Direct Effect + Indirect Effect = $0.323 + 0.241 = 0.564$; $VAF = 0.241 / 0.564 \times 100\% = 42.7\%$. According to Hair et al. (2017), a VAF between 20% and 80% confirms partial mediation. This means that employee engagement partially transmits the influence of talent management on performance while talent management retains an independent direct effect on performance outcomes.

Table 11. Mediation Analysis Summary

Effect Type	Beta	t-value	p-value	Interpretation
Direct Effect: TM -> EP	0.323	3.365	0.001	Significant
Indirect Effect: TM -> EE -> EP	0.241	3.530	0.000	Significant
Total Effect	0.564			Partial Mediation (VAF = 42.7%)

Discussion

The results of this study indicate that talent management has a positive impact on employee performance. These findings suggest that talent management is no longer sufficient if understood merely as administrative activities within the human resources function, such as recruitment, training, or job placement. Instead, talent management must be positioned as a strategic mechanism that determines an organization's ability to transform individual potential into productive and sustainable performance. From the Resource-Based View (RBV) perspective, talent is a valuable strategic resource because it is difficult to imitate and can create a competitive advantage when managed systematically (Barney, 1991; Collings and Mellahi, 2009). Thus, organizations that fail to build an integrated talent management system risk having human resources that are competent individually but unable to generate optimal collective contributions to organizational performance. This finding reinforces the research by Pomaranik and Kludacz-Alessandri (2024), which shows that talent attraction, talent development, and talent evaluation practices contribute significantly to employee performance. In line with this, Syah et al. (2025) also emphasize that talent management is associated with increased employee engagement, commitment, and performance.

Nevertheless, the findings of this study also indicate that the effectiveness of talent management is not automatic. Many organizations have adopted various human resource development programs, yet not all have succeeded in producing tangible performance

improvements. This situation suggests that the success of talent management is determined not only by the existence of formal programs, but also by the extent to which employees perceive these programs as a form of tangible support for their professional development. In this context, talent management that remains at the level of administrative policy risks losing its transformative power because it fails to foster employees' psychological attachment to the organization.

This study shows that talent management has a positive effect on employee engagement. These findings indicate that talent management practices not only influence job competencies but also shape employees' psychological perceptions of the organization. When an organization provides career development opportunities, recognition for contributions, and assurance of a professional future, employees tend to view the organization as a place that supports their personal growth. This perception ultimately fosters a sense of belonging, emotional attachment, and a willingness to engage more deeply with both work and the organization. Within the framework of Job Demands-Resources Theory, this condition can be understood as a consequence of the availability of job resources that foster engagement (Demerouti et al., 2001; Bakker and Demerouti, 2017). Thus, talent management is not merely a tool for competency development but also a psychological resource that determines the quality of the relationship between employees and the organization.

The results of this study also show that employee engagement has a positive effect on employee performance. These findings confirm that work performance is determined not only by technical competence or individual ability, but also by the psychological energy that drives individuals to contribute optimally. Employees with high engagement tend to demonstrate enthusiasm for their work, resilience in the face of pressure, and a willingness to go the extra mile beyond the formal demands of their job. In this context, engagement can be understood as a psychological mechanism that transforms individual capacity into tangible productivity. These findings align with the research by Joon et al. (2025) and Nusraningrum et al. (2024), which shows that engagement is closely related to improved performance, productivity, and adaptability in various organizational contexts.

The most important finding in this study is that employee engagement mediates the influence of talent management on employee performance. These results indicate that the relationship between talent management and employee performance is neither linear nor mechanistic. The influence of talent management operates through psychological processes that shape employees' perceptions of organizational support, recognition, and opportunities for self-development. In other words, talent management will only be effective if it can be translated into work experiences that foster engagement. This finding is consistent with Abdullahi et al. (2022) and Gede (2025), who demonstrated that engagement serves as a key mediator in the relationship between organizational policies and performance.

On the other hand, this study found that organizational culture strengthens the relationship between talent management and employee performance. These findings confirm that organizational culture is not merely a symbolic identity or abstract normative value, but rather an institutional mechanism that determines the effectiveness of organizational policies. A supportive, adaptive, and collaborative culture creates a psychological climate that makes it easier for employees to embrace talent development practices and be more motivated to translate organizational support into optimal work performance. These findings align with the research by Srivastava and Rao (2025) as well as Lartey and Ampofo (2025), which show that organizational culture is positively associated with employee performance. This moderating role can be understood through the psychological safety that a positive culture provides when shared values, open communication, and adaptability signal that experimentation and skill application are encouraged rather than penalized, employees are more willing to internalize and act on the opportunities that talent management offers,

thereby amplifying its effect on performance. This pattern is consistent with Saimin et al. (2025), who found that the culture-performance link is strengthened under agile leadership, and with Nursalimah et al. (2025), who describe organizational culture as an active driver rather than a passive backdrop to engagement. It also aligns with the broader findings of Srivastava and Rao (2025) and Larthey and Ampofo (2025), who show that organizational culture is positively associated with employee performance across different organizational settings. Compared with studies conducted in more individualistic, low-power-distance economies, where cultural moderation of HR outcomes tends to be more modest, the comparatively strong interaction effect observed in this Indonesian sample suggests that collectivist, paternalistic organizational settings may heighten the degree to which cultural support conditions the success of formal talent management interventions.

These findings carry particular significance in the Indonesian organizational context. According to Hofstede's cultural dimensions framework, Indonesia exhibits high power distance, strong collectivism, and high uncertainty avoidance (Hofstede et al., 2010). In high-power-distance settings, employees are more likely to derive their sense of professional worth from formal organizational systems such as talent management, amplifying its psychological impact compared to low-power-distance cultures. Collectivist values further suggest that talent development programs emphasizing team-based learning, group recognition, and shared career pathways may be especially effective in fostering engagement. Furthermore, the paternalistic leadership style prevalent in Indonesian organizations means that organizational culture is strongly shaped from the top down, underscoring the importance of senior leaders in modeling a supportive, adaptive culture that reinforces talent management goals.

These findings contrast with studies conducted in Western, individualistic contexts, where talent management primarily produces performance gains through individual career development and personal achievement motivation (Aljbou et al., 2024). In Indonesia, the mediation through employee engagement appears stronger, possibly because organizational belonging and relational reciprocity, key dimensions of engagement in collectivist cultures, are more powerfully activated by talent management practices that signal organizational care and investment. This highlights the importance of contextualizing HR frameworks rather than applying universally derived models without adaptation.

The dynamics of talent management effectiveness may also vary across industry sectors. In knowledge-intensive sectors such as technology and higher education, the development and retention dimensions of talent management may carry greater psychological weight given the primacy of intellectual stimulation and growth opportunities. In manufacturing or retail sectors, fair compensation visibility and structured succession planning may be more influential. Future research should examine industry-specific moderators to better capture these sector-level variations.

While this study attributes performance improvements primarily to talent management, engagement, and organizational culture, it is important to acknowledge that other organizational factors may also contribute to these outcomes. Transformational leadership is known to influence both engagement and performance (Joon et al., 2025). Job satisfaction may partially overlap with engagement as a psychological mechanism (Saks, 2006). Perceived organizational justice and team cohesion represent additional pathways through which talent management could influence performance. These variables were not included in the current model, constituting both a limitation and an opportunity for future research to develop more comprehensive explanatory frameworks.

Several limitations should be acknowledged when interpreting the findings of this study. First, the cross-sectional design precludes causal inference; longitudinal data would be necessary to establish directionality with greater certainty. Second, all measures relied on

employee self-reports, which may introduce social desirability bias, particularly for performance-related items. Third, purposive sampling limits the generalizability of findings to other organizational populations. Fourth, common method bias, though assessed and found to be minimal, remains an inherent concern in single-source survey designs.

Overall, this study demonstrates that employee performance arises from an interplay between talent management, employee engagement, and organizational culture: talent management provides strategic direction for human resource development, employee engagement supplies the psychological energy behind work contributions, and organizational culture provides the institutional context that determines whether the two translate into sustained performance gains.

CONCLUSIONS

This study concludes that talent management enhances employee performance both directly and indirectly through employee engagement, with partial mediation ($VAF = 42.7\%$) confirming engagement as a key psychological pathway linking the two. Organizational culture was further found to significantly strengthen this relationship. Together, these results affirm that the effect of talent management on performance is conditional rather than automatic: a well-designed talent management system alone is not sufficient, as its impact depends on the organization's ability to also cultivate employee engagement and a supportive, adaptive culture.

Theoretically, this study reinforces the Resource-Based View and Job Demands-Resources Theory by demonstrating that organizational excellence is determined not only by the possession of talent but also by the organization's ability to foster engagement and a supportive work culture. The integration of Social Exchange Theory and AMO Theory further enriches the theoretical foundation of talent management research. Consequently, improving employee performance requires the integration of talent management strategies, the strengthening of employee engagement, and the development of an adaptive organizational culture oriented toward continuous learning.

Notwithstanding these contributions, several limitations warrant acknowledgment: (1) the cross-sectional design limits causal inference; (2) purposive sampling constrains generalizability to broader populations; (3) self-report data may introduce common method bias, though assessed and found minimal via Harman's single-factor test and full collinearity VIF analysis; and (4) the single-country context limits transferability to other cultural settings.

Future Research Agenda. Several directions for future research emerge from this study. First, longitudinal designs are needed to establish causal directionality and track long-term effects of talent management on performance trajectories. Second, multi-source data collection, incorporating supervisory assessments and objective performance metrics, would reduce common method bias and improve measurement validity. Third, probabilistic sampling methods such as stratified random sampling should be employed to enhance generalizability across industries and organizational types. Fourth, future models could incorporate additional mediators and moderators, including transformational leadership, organizational justice, job satisfaction, and national culture dimensions, to develop a more comprehensive understanding of the talent management-performance relationship.

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