

THE EFFECT OF TALENT MANAGEMENT IN HUMAN RESOURCE DEVELOPMENT ON EMPLOYEE PERFORMANCE IMPROVEMENT OF ACEH GOVERNMENT IN INDONESIA

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Abstract

This research aims to analyze the role of talent management in moderating human resource development on employee performance improvement. The respondents were selected by using probability sampling approach, particularly by stratified random sampling. In order to test the hypothesis and data analyses, the researcher used Structural Equation Model (SEM) with AMOS (Analysis of Moment Structure) program. The respondents were civil servants of Aceh government with a total sample of 150 respondents. The research used an interval scale based on the Likert scale. The results of the research showed that the human resources development has an effect on performance improvement of Aceh Government employees. Moreover, the talent management is proven to positively and significantly strengthen the modernization of human resource development on performance improvement of Aceh government employees.

Keywords: Talent management; human resource development; employee performance.

INTRODUCTION

The performance ability of employee to work immensely contributes to whether or not the organizational performance of Aceh government employee is achieved. Those in question are the ability and capacity of people who have potential to create a sustainable competitive advantage (Gratton, 2010). Being a key resource in an organization, human resources can make their organization dynamic and advanced, thus, dynamic and competent human resources are able to add value to the organization concerned (Hill and Jones, 2004:86). Human resources or employees are one of the aspects which really needs to be considered, so it must be addressed properly and equipped with reliable capabilities in the area of responsibility.

Human resource development programs are required for every employee, both at the beginning, when entering an organization, and continuously following the job demands. Pre-employment training has a purpose to improve the competencies technical personnel must possess, which is a requirement set by the organization. However, an advanced training is intended to increase their competence to a higher level of expertise in their field or adjustments if a new technology emerged that must be handled, or to form new abilities if they move to another field of work.

The success of an organization is always influenced by its human resources who have talents, so, an organization really requires employees who have high talent in the human resources

development. Consequently, the existence of talent management, employees of an organization are expected to improve performance and encourage achievement in every job. If the employee's performance is high, each employee can effectively and efficiently establish the burdens of the organization so as they in turn are able to achieve the goals set.

The phenomenon occurred to the performance of Aceh government employees is the inability to achieve the organizational performance targets set in the Aceh Medium-Term Development Plan (RPJMA) of 2017-2022. Stating the achievements of Aceh's development after receiving special autonomy funds (OTSUS) and additional oil and gas sharing funds (TDBH MIGAS) during 2008-2021, it only seems to raise Aceh one level in order that it does not become underdeveloped province in Sumatra. The benefits of OTSUS funds aiming to improve the Aceh people welfare according to the RPJMA target have not yet had an impact, this is because the achievement of the 2017-2022 RPJMA in the third year, in which it in 2020 was still far from the expected target.

LITERATURE REVIEW

Relationship between Variables

Relationship between Employee Performance and Human Resources Development

Training and development, performance appraisal, rewards, organizational development, feedback and counselling, potential development and job rotation are as human resource development practices (Rao, 1987). Human resource development practice is a program designed to be strategically oriented to organizational processes to manage human resources development in contributing to the overall success of the organization. Human resources development practices escalate employee capabilities, productivity and efficiency, and improve the quality of goods and services (Werner and DeSimone, 2006).

Additionally, Yuvaraj and Mulugeta (2013) stated human resource development interventions continuously improve employee capabilities and performance through training practices, career development, performance appraisal and existing organizational development components.

Relationship between Employee Performance and Talent Management

The talent management process is a sustainable cycle, not a linear approach. This framework highlights critical skills gap analysis for recruitment; training and development, as well as compensation and benefits for talented employees, (Bersin, Josh, 2004). Talent management starts with selecting talented employees and then moves on to retention of talented employees, in which the concept remains that they are continuously managed to ensure that they contribute significantly to organizational performance, (Cappelli, 2008).

The two main ways to acquire talent are internal identification and external recruitment which are widely communicated, consistent and extensive, but not subjective or biased. A number of recruitment strategies such as behavioral interviews, attitude assessments, practice-based methods, and aptitude tests can be used to recruit unemployed talent (Cutlip, Scoot M, Allen H. Center, Glen M. Broom, 2009).

In external recruitment, organizations must recognize the importance of the external labor market in their talent management system (Collings and Mellahi, 2009). Moreover, there is evidence supporting the mediating role of talent management output in relation to employee performance (Barkhuizen et al., 2014; Chami-Malaeb and Garavan, 2013; Gelens et al., 2013; Anand, 2011; Collings and Mellahi, 2009). Therefore, talent management outputs mediate the relationship between talent management and employee performance. The third component of the framework is employee performance. Koopmans et al. (2014), conducted a comprehensive review of the employee performance literature. They, furthermore, concluded that the totality of employee performance consists of four components: task performance, contextual, adaptive and counterproductive.

Hypothesis

A hypothesis is a presumption or assumption that must be tested by data or facts obtained through research (Dantes, 2012). Research hypothesis (H_A), is a statement that researchers make when they speculate on the results of a study or experiment. A valid experimental design must have this statement as the essence of its structure, as the ultimate goal of every experiment. The relationship between the variables hypothesized described as follows:

- H₁: Human resource development has an effect on employee performance improvement of Aceh Government;
- H₂: Talent management moderates human resource development towards employee performance improvement of government.

DATA ANALYSIS TECHNIQUE

This research used an interval scale based on the Likert scale to measure how much do the respondents agree or disagree with the questions or statements provided by the researchers through a questionnaire stated on a five-point scale (Bougie & Sekaran, 2013). The Likert scale is very appropriate to use in measuring attitudes, opinions, or perceptions of a person or group of people towards social phenomena (Bougie & Sekaran, 2013).

Thus, according to the statement preceding, the use of the Likert scale is perfectly appropriate for the research since it is an in-depth study of social phenomena occurred in interactions between leaders and Aceh government employees. Moreover, they have an impact on the performance of individual ASN (civil servants), agencies and the Aceh government in general. The figure below is a research model that explains the social phenomena rolling in the Aceh government order believed to have a direct or indirect relationship to the employee performance of Aceh government.

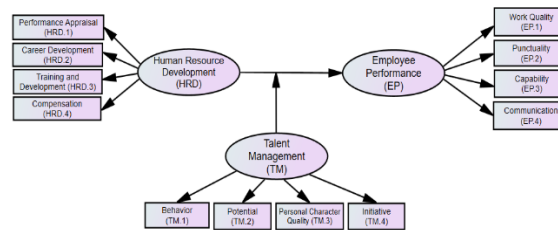


Figure 1. Path Analysis of Relationship between Research Variables

RESULTS AND DISCUSSION

Data Analysis

Data Validation Testing

The item is considered valid if the value of the validity coefficient is greater than the r_{table} value at the 5% of significance level. If the results of the validity analysis find that all indicators have a t_{count} value greater than the t_{table} value, the statement items are declared valid for measuring the research variables. Furthermore, based on the probability distribution "t" with degrees of freedom (df) = n-2. Sugiyono (2017) argued that a question item is claimed valid if the r_{count} value which is the value of corrected item or total correlation > 0.30 . The following are the results of the data validation testing:

Table 1. Result of Data Validation Testing

Variable	Indicator	r_{count}	Critical Value	Desc.
Human Resource Development	HRD1.1	0,695	0,30	Valid
	HRD1.2	0,737	0,30	Valid
	HRD1.3	0,728	0,30	Valid
	HRD1.4	0,556	0,30	Valid
	HRD2.1	0,619	0,30	Valid
	HRD2.2	0,766	0,30	Valid
	HRD2.3	0,637	0,30	Valid
	HRD2.4	0,477	0,30	Valid
	HRD3.1	0,662	0,30	Valid
	HRD3.2	0,773	0,30	Valid
	HRD3.3	0,735	0,30	Valid
	HRD3.4	0,620	0,30	Valid
	HRD4.1	0,618	0,30	Valid
	HRD4.2	0,571	0,30	Valid
	HRD4.3	0,700	0,30	Valid
	HRD4.4	0,705	0,30	Valid
Talent Management	TM1.1	0,560	0,30	Valid
	TM1.2	0,513	0,30	Valid
	TM1.3	0,652	0,30	Valid
	TM1.4	0,705	0,30	Valid

Source: Primary Data, 2021 (processed)

Continued of Table.1

Variable	Indikator	r-count	Critical Value	Desc.
Talent Management	TM2.1	0,689	0,30	Valid
	TM2.2	0,788	0,30	Valid
	TM2.3	0,773	0,30	Valid
	TM2.4	0,751	0,30	Valid
	TM3.1	0,799	0,30	Valid
	TM3.2	0,741	0,30	Valid
	TM3.3	0,723	0,30	Valid
	TM3.4	0,785	0,30	Valid
	TM4.1	0,803	0,30	Valid
	TM4.2	0,728	0,30	Valid
	TM4.3	0,693	0,30	Valid
	TM4.4	0,716	0,30	Valid
Employee Performance	EP1.1	0,701	0,30	Valid
	EP1.2	0,586	0,30	Valid
	EP1.3	0,809	0,30	Valid
	EP1.4	0,611	0,30	Valid
	EP2.1	0,496	0,30	Valid
	EP2.2	0,312	0,30	Valid
	EP2.3	0,497	0,30	Valid
	EP2.4	0,437	0,30	Valid
	EP3.1	0,751	0,30	Valid
	EP3.2	0,783	0,30	Valid
	EP3.3	0,686	0,30	Valid
	EP3.4	0,736	0,30	Valid
	EP4.1	0,699	0,30	Valid
	EP4.2	0,708	0,30	Valid
	EP4.3	0,721	0,30	Valid
	EP4.4	0,655	0,30	Valid

Source: Primary Data, 2021 (processed)

Based on the results of the data validation testing, it shows that all variables used in this research are valid, because they have a correlation coefficient above the critical value of 0.30. Therefore, all questions provided in this research questionnaire are declared valid.

Data Reliability Testing

In this research, the reliability testing of multi-indicator data used SEM analysis, and tested with Construct Reliability (CR).

The limit value (cut off point) of an indicator considered to be reliable is 0.70 (Hair, et.al., 2010). However, the CR value between 0.60 to 0.70 is still acceptable according to empirical reasons of the exploration process carried out (Sekaran and Bougie, 2016). The following table shows the results of the data reliability testing with Construct Reliability (CR) on the valid data.

Table 2. Result of Data Reliability Testing

Variable	Number of Item	Construct Reliability		Desc.
		CR Value	Critical Value	
HRD	16	0,928	0,7	Reliable
TM	16	0,943	0,7	Reliable
EP	16	0,890	0,7	Reliable

Source: Primary Data, 2021 (processed)

Based on the results of data reliability testing, it can be described that all statement items used in this research variable can be said to be reliable, for the CR value has a value of 0.70.

Structural Model

Structural Equations Model (SEM) is a result of an evolution of multi equation modeling developed by econometric principles and combined with measurement principles of psychology and sociology. SEM has various other names, such as covariance structure analysis, latent variable analysis, confirmatory factor analysis (Byrne, 2010).

According to the analysis of causality of latent variables, the influence between latent variables and the contribution of each indicator will be measured simultaneously to compile the latent variables. Structural model analysis uses all significant indicators. To see the level of model feasibility can be seen at the results of the model suitability testing. The structural model is shown in the following figure:

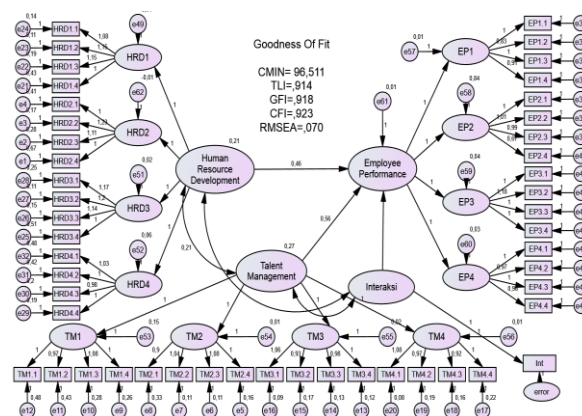


Figure 2. Structural Model

The results of the measurement model analysis in Figure 2, it is obtained the chi-square value = 96.511. Meanwhile, χ^2/df (CMIN/DF)=1.943; RMSEA=0.070; GFI=0.918; TLI=0.914; and CFI = 0.923 meaning these values have met the criteria and show a fit value. Thus, it can be claimed that there is an effect of each variable, namely Human Resources on Employee Performance moderated by Talent Management. The results of the feasibility testing are presented in table 3 as follows:

Table 3. Result of Feasibility Testing

Measurement Model

Goodness of Fit Index	Cut off Value	Result	Model Evaluation
Chi-Square	< 100,00	96,511	Good
RMSEA	$\leq 0,08$	0,070	Good
GFI	$\geq 0,90$	0,918	Good
CMIN/DF	$\leq 2,00$	1,943	Good
TLI	$\geq 0,90$	0,914	Good
CFI	$\geq 0,90$	0,923	Good

Source: Primary Data, 2021 (processed)

Hypothesis Testing

Based on the results of the structural model testing, it shows that the three structural paths have a significant coefficient value ($p < 0.05$; $p < 0.01$). The following table shows the standard path coefficients resulted from structural model testing.

Table 4. Standardized Regression Weight Structural Equational Model (Total Effect)

	Estimate	S.E.	C.R.	P
EP <--- HRD	0,458	0,113	4,067	***
EP <--- TM	0,559	0,098	5,688	***
EP <--- Interaction	0,543	0,078	3,654	***

Source: Primary Data, 2021 (processed)

Descriptive Hypothesis Testing (H_1)

First Hypothesis Formulation (H_1)

$H_{01} : \beta_{1.1} = 0$: Human resources have no effect on employee performance of Aceh Government.

$H_{A1} : \beta_{1.1} \neq 0$: Human resources have an effect on employee performance of Aceh Government.

Table 4 shows that the CR value is 4.067 while the t table value is 1.967. So, CR (4.067) > t-table (1.967), and the P-value (0.000***) < Sig α (0.001). Accordingly, it is considered to support the hypothesis statement H_a (H_a accepted and H_0 rejected), meaning that human resources affect employee performance. The coefficient value for the effect of human resources on employee performance is positive (0.113). This indicates that if human resource development increases, the employee performance of Aceh Government will do as well.

Moderation Hypothesis Testing

Second Hypothesis Formulation (H_2)

$H_{02} : \beta_{2.1} = 0$: Talent management does not moderate the effect of human resource development on employee performance of Aceh government.

$H_{A2} : \beta_{2.1} \neq 0$: Talent management moderates the effect of human resource development on employee performance of Aceh government.

In the structural model above, the interaction variable is the moderating variable observed to answer the hypothesis. The value of loading factor or λ interaction and error variance or θ are two important elements in testing the effect of interaction moderation.

Based on the results of table 4 above, talent management can positively and significantly moderate the effect of human resource development on employee performance of Aceh Government. The coefficient value is 0.098 while the CR value is 5.688 which is greater than $t_{\alpha/2}$ of 1.960 and the probability value of 0.000(***) is smaller than the α significance of 0.01, thus H_A is accepted and H_0 is rejected.

These results indicate that talent management is a moderating variable among the effect of human resource development towards employee performance improvement. So, it can be concluded that the talent management variable, apart from being a moderating variable, also has the potential to be an exogenous variable in influencing and improving employee performance.

The results of the research strengthen the results of research conducted by Bhatnagar, Jyotsna (2007), stating that talent management is a factor that affect employee performance improvement. Furthermore, it also supports the results of research conducted by Staffan Nilsson Per-Erik Ellström, (2012), who stated that talent management has a positive and significant effect on human resource development.

Recapitulation of Hypothesis Testing Results

Descriptive hypothesis aims to see the general condition of the two variables described by the average achievement. The results of the overall recapitulation of descriptive hypothesis testing can be seen in the following table.

Table 5. Recapitulation of Hypothesis Testing Results

No	Hypothesis	Conclusion
1.	Human resource has an effect on the performance of Aceh government employee.	Accepted

Source: Primary Data, 2021 (processed)

Table 5 shows that that the proposed descriptive hypothesis can be "Accepted", which means that there is a significant effect between the variables of human resource development on the Employee performance of Aceh Government.

The moderating hypothesis plays a role in strengthening or weakening the relationship between variables. The results of the overall recapitulation of hypothesis testing can be seen in the following table.:

Table 6. Recapitulation of Moderating Effect Hypothesis Testing Results

No	Hypothesis	Conclusion
2.	Talent management moderates the effect of human resource development on employee performance improvement of Aceh government.	Accepted

Source: Primary Data, 2021 (processed)

CONCLUSION

Based on the discussion of the research results described in the previous section, it can be concluded that:

- 1) Human resource development has an effect on employee performance improvement of Aceh Government;
- 2) Moderation hypothesis states that the talent management positively and significantly strengthens to moderate human resource development on employee performance improvement of Aceh government. Both hypotheses can be "Accepted".

SUGGESTION

Based on the results as well as the conclusions, this research provides input and suggestions in order to improve employee performance. Thus, the researchers expect for further research to add variables of employee career development.

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