



The Influence Of Talent Management On Organizational Performance With The Mediating Variable Of Employee Satisfaction And Employee Engagement At 4-Star Hotels In Batam City

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ABSTRACT

This study aims to analyze the factors that affect organizational performance, especially the effect of talent management on organizational performance and the role of employee satisfaction and employee engagement as mediation. This research also uses quantitative methods based on questionnaire data collection distributed through the google form platform to 240 respondents in three 4-star hotels in Batam City and processed using SmartPLS 4 software. The results of this study prove that talent management significantly positively affects employee satisfaction and employee engagement. In addition, employee satisfaction and employee engagement variables significantly positively affect organizational performance. While the results of the indirect effect test also prove that the mediating variables of employee satisfaction and employee engagement significantly positively affect talent management on organizational performance.

INTRODUCTION

Over the past few years, the performance of the service industry has experienced significant turmoil due to various external factors, including the impact of the pandemic and intense business competition (Sa'diyah & Sulfitri, 2024). Based on domestic economic indicator data, the effect of the COVID-19 pandemic resulted in Indonesia's economic growth decreasing by 2.07% due to reduced household spending, investment, and export-import transactions (Indonesia, 2020). The service sector in the accommodation sector was also recorded to have decreased by 10.22% due to the reduction in the number of foreign tourists and the closure of several hotels and restaurants due to the COVID-19 pandemic (Badan Pusat Statistik, 2021). In addition, intense business competition has also triggered an increase in operating costs and a decrease in company profit margins, indirectly affecting the service industry's performance in Indonesia (Nurliani et al., 2024).

This problem has also spread to various regions in Indonesia, including Batam, where the Batam City service sector, especially in the hospitality sector, has also been affected by the COVID-19 pandemic and intense business competition (Purwianti, 2023). Based on data on the growth rate of the service industry in Batam City, the growth of the service industry has shown significant fluctuations in recent years. In 2020, the impact of the pandemic caused a decrease in the growth rate of the service industry in Batam by -45.49%. Entering 2021, Indonesia began to implement a program to accelerate national economic recovery, which succeeded in pushing up growth and improving the contraction of industrial growth to -6.44%. This upward trend continued until 2022, when the growth of Batam City's service industry rose to 48.78%. However, in 2023, there was another significant decline of 30.95% (Badan Pusat Statistik, 2024). These fluctuations can also have a negative impact on the performance of the service industry, so strategic efforts are needed to improve the competitiveness and sustainability of the service industry in Batam City.

Table 1. Growth Rate of Service Industry in Batam City in 2020-2023

Year	Industry Growth Rate
2020	-45,49%
2021	-6,44%
2022	48,78%
2023	30,95%

Source: (Badan Pusat Statistik, 2024)

Meanwhile, intense business competition can also lead to high employee turnover rates in the service sector (Tanuwijaya, 2023). Hariani and Issalillah (2021) state that high turnover rates are a significant challenge for the industry, where every company has similar problems in retaining its employees. This challenge is made more complex by the low competitiveness of Indonesian talent at the global level. Based on data from The Global Talent Competitiveness Index 2023, Indonesia ranks 80 out of 134 countries and lags far behind other ASEAN countries such as Singapore (2), Brunei Darussalam (41), Malaysia (42), Vietnam (75), and Thailand (79). This shows that Indonesia faces a significant challenge in creating an environment that attracts, develops, and retains talent, especially in the service sector, which relies heavily on the quality of human resources. In addition, the inability of organizations to meet employee needs is often the main reason for job displacement. High turnover rates in a company also have the potential to cause the company to lose valuable talent and disrupt the company's operational stability, which negatively impacts organizational performance (Ramadhan & Ekhsan, 2024). Employee engagement has also been shown to significantly impact employee productivity and retention. Employees who feel less valued and supported in career development tend to have low levels of engagement, which can decrease overall organizational performance. Research shows that employees who lack clarity on performance expectations and company goals also tend to have low levels of engagement, indicating the need for better strategies in human resource management and talent management (Abdullahi et al., 2022).

Most of the previous research focuses more on the direct effect of talent management variables on organizational performance. However, there is a lack of exploration of the mediating role of employee satisfaction and employee engagement in the context of the service industry (Shah et al., 2024). This study aims to fill this gap by exploring how talent management can improve organizational performance through the mediation of employee satisfaction and employee engagement. This is important given that amidst the challenges faced, organizations that can effectively utilize the talents of their employees will have a greater competitive advantage in the global market.

This study also offers novelty in the context of the effect of talent management on organizational performance by considering the mediating role of employee satisfaction and employee engagement. The novelty also lies in the approach that integrates these concepts in the service industry in Indonesia, especially Batam City, which has been limited in previous studies (Shah et al., 2024). Most of the earlier studies, such as the one conducted by Almohtaseb et al. (2020) focused more on the direct effect of talent management on organizational performance without considering the role of mediation. By including employee satisfaction and employee engagement as mediating variables, this study is expected to provide deeper insight into the dynamics of the relationship between talent management and organizational performance, as well as provide empirical evidence of the critical role of employees in achieving organizational goals. This research framework is also designed to analyze factors that affect organizational performance, especially the effect of talent management on organizational performance, with mediation from employee satisfaction and employee engagement in four-star hotels. This research model describes the relationship between four main variables, namely talent management as the independent variable, employee satisfaction and employee engagement as mediating variables, and organizational performance as the dependent variable.

This research is expected to contribute to both the academic and practical realms (Ningrat et al., 2020). From an academic perspective, this study enriches the human resource management literature by offering new insights into the impact of talent management on organizational performance through the mediating roles of employee satisfaction and employee engagement. It can also pave the way for more complex and comprehensive research on employee dynamics in different contexts. From a practical standpoint, the study's result provide strategic recommendations for service industry managers and stakeholders to better understand the importance of talent management, as well as how to increase employee satisfaction and engagement. Companies can improve overall organizational performance by implementing effective talent management strategies and facilitating a supportive work environment (Alleimoun et al., 2022). These findings align with the necessity for companies to adapt to rapid market changes and increase competitiveness in the digital era.

LITERATURE REVIEW

Talent Management (TM) on Organizational Performance (OP)

According to Sembiring and Damayanti (2023), effective talent management (TM) not only includes recruitment and development, but also ensures that individuals with the best potential are placed in the right position to support the company's strategic goals. This is also reinforced by the research of Alleimoun et al. (2022), which shows that improving TM directly contributes to improving organizational performance (OP), which focuses on talent selection, development, and retention as a strategy to drive overall OP improvement. In addition, the same perspective is also expressed by Lančarič et al. (2021), who found that talent development and retention significantly affect OP.

Meanwhile, research conducted by Nafiana et al. (2024) at the West Java provincial government level also reinforces these findings, where this study shows that implementing effective TM significantly affects OP in the public sector. This is also in line with the results of Labolo (2021) research, which shows that appropriate TM strategies, including retention and fair compensation, are essential in improving OP, especially in the banking sector, which relies heavily on the quality and skills of employees to survive in a competitive market. Alfalah and Alfalah (2023) also emphasized the critical role of TM in increasing employee engagement and achieving optimal OP, which also shows a positive relationship between TM and OP.

- H1: TM has a significant positive effect on OP

Talent Management (TM) on Employee Satisfaction (ES)

According to Shah et al. (2024), talent management (TM) plays an important role in improving the quality of human resources, which is a significant element in the company's success. Effective talent management practices such as talent development, identification, and retention have significantly contribute to increased employee satisfaction (ES). This is also reinforced by the research of Al-Dalahmeh et al. (2022) who found that implementing TM increases ES and reduces workplace counterproductive behavior. The study also showed that the company's investment in TM practices can provide positive signals to talented employees, encouraging them to optimally improve performance while strengthening positive work attitudes. In addition, the same perspective is also expressed by Alrianti and Ekhsan (2024) where employees empowered through TM programs are more likely to feel satisfied with their jobs. Meanwhile, research conducted by Alparslan and Saner (2020) in the manufacturing sector also reinforces these findings, where this study indicates that employees who feel their talents are recognized and supported by the company through TM programs tend to have higher levels of job satisfaction. The study also showed that companies that invest in employee skills and career development not only increase productivity, but also create a sense of employee loyalty and commitment to the organization. This is also in line with the results of research by Almomani et al., (2022) which shows that implementing the right TM strategy, especially in talent development and retention, can improve employee competence, create a balance between work and life, and employee commitment to the organization.

- H2: TM has a significant positive effect on ES

Employee Satisfaction (ES) on Organizational Performance (OP)

According to Abdelwahed et al. (2022), employee satisfaction (ES) has been shown to influence intrapreneurship, company growth, and organizational effectiveness. In addition, factors such as workspace flexibility, task flexibility, and working hour adjustments significantly contribute to increased ES, which in turn affects company performance (Davidescu et al., 2020). This is also reinforced by Chanda and Goyal (2020) research, which shows that ES, such as work-life balance and good supervision, can result in a significant increase in organizational performance (OP), both in profit and sales growth.

Meanwhile, research conducted by Park and Kim (2023) in Korean companies also reinforces these findings, where this study shows that a work climate that supports employee autonomy contributes positively to ES, which in turn positively impact OP. The results of this study also reveal that individual incentives can strengthen the relationship, while group incentives weaken ES impact on OP. This is also in line with the results of research by Noercahyo et al. (2021), which shows that job satisfaction has a significant effect on OP.

- H3: ES has a significant positive effect on OP

Talent Management (TM) on Employee Engagement (EE)

According to Gautam (2023), talent management (TM) practices which include talent attraction, development, and retention can positively increase employee engagement (EE). This is also reinforced by research by Luna-Arocas and Lara (2020) and Hussain et al. (2021) which shows that organizations that implement effective TM practices can increase employee commitment and reduce intention to leave, contributing to higher levels of EE. This research also suggests that strong TM practices play an important role in creating a work environment that supports better EE, which has implications for improving overall organizational performance. In addition, the same perspective was also expressed by Zafar et al. (2023) and Abdullahi et al. (2022), who stated that effective TM can strengthen the relationship between employees and the organization, increase EE with work, and encourage employees to contribute significantly to achieving company goals.

- H4: TM has a significant positive effect on EE

Employee Engagement (EE) on Organizational Performance (OP)

According to Bano et al. (2024), high employee engagement (EE) can improve organizational performance (OP) through various drivers, including effective communication, work-life balance, and leadership. This research also indicates that the higher the level of EE, the more likely OP will increase. This is also reinforced by Jindain and Gilitwala (2024) research, which shows that EE has a positive impact on individual performance, which in turn supports the achievement of organizational targets. Employees who feel their work is aligned with the company's mission also tend to show higher levels of engagement and directly contribute to increasing their productivity and loyalty. In addition, the same perspective was also expressed by Noercahyo et al. (2021) who found that there is a positive relationship between job involvement and organizational performance.

Meanwhile, research conducted by Tensay and Singh (2020) in public service organizations also reinforces these findings, where this study shows that EE plays an important role in improving OP. More engaged employees also feel happier, motivated, and committed to supporting improved OP. The results of this study also reveal that EE contributes to productivity, profit, quality, and customer satisfaction, which ultimately improves overall OP. This is also in line with the results of research by Zafar et al. (2023), which shows that EE significantly influence organizational effectiveness.

- H5: EE has a significant positive effect on OP

Talent Management (TM) on Organizational Performance (OP) through the Mediation of Employee Satisfaction (ES)

According to Shah et al. (2024), talent management (TM) practices that include talent identification, development, and retention significantly impact employee satisfaction (ES) and organizational performance (OP). The results of this study also reveal that employees who are given adequate freedom, varied tasks, and adequate social interaction opportunities can contribute to ES and encourage employees to stay with the organization despite better job offers from elsewhere. In addition, employees who feel supported by the organization in terms of career development and recognition of achievements will also feel more satisfied and engaged in their work. This is also reinforced by research by Ghani et al. (2022), Masale et al. (2021), and Škerháková et al. (2022), who found positive effects of TM practices on ES across different sectors. In addition, the same perspective was also expressed by Abdullahi et al. (2022) and Jibril and Yeşiltaş (2022), who found that ES significantly mediates the relationship between TM practices and OP. Thus, organizations that successfully identify, develop, and retain talent tend to have more satisfied employees and ultimately improve overall organizational productivity and performance.

- H6: TM has a significant positive effect on OP through the mediation of ES

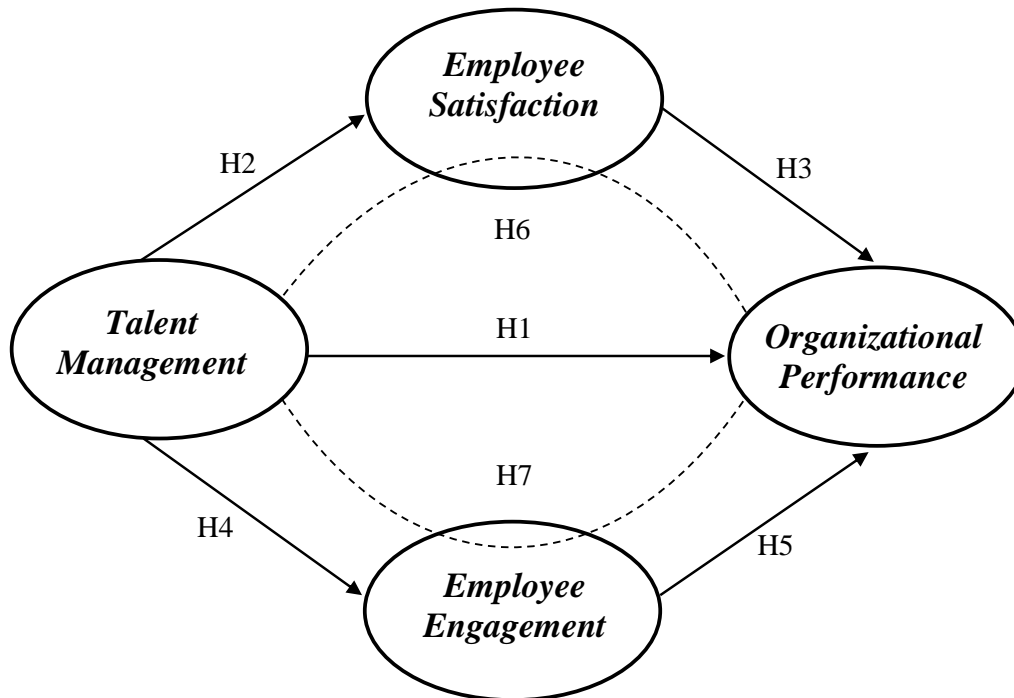
Talent Management (TM) on Organizational Performance (OP) through the Mediation of Employee Engagement (EE)

According to Zafar et al. (2023), talent management (TM) not only has a significant impact on organizational goals, but also contributes indirectly through the mediating role of employee engagement (EE). The results of this study also reveal that implementing an effective TM strategy can create a competitive advantage and increase EE, which ultimately drives optimal organizational performance (OP). This is also reinforced by Gautam (2023) research, which shows that the three main components of TM, namely talent attraction, development, and retention, indirectly impact OP through the mediating role of EE. In other words, when organizations provide resources and opportunities that support development, employees are more emotionally and professionally engaged in their work. In addition, the same perspective is also expressed by Abdullahi et al. (2022), who found that well-structured talent development,

retention, and attraction through TM strategies can increase EE, which in turn strengthens overall OP.

- H7: TM has a significant positive effect on OP through the mediation of EE

Figure 1. Research Framework



METHODS

This research employs a quantitative approach, with a four-star hotel in Batam City selected as the object of study. This selection was made on the basis that the hospitality sector in Batam City has been particularly impacted by the pandemic and intense business competition in recent years (Sa'diyah & Sulfitri, 2024). The present study examined the relationship between talent management and organizational performance, with the mediating factors of employee satisfaction and employee engagement, in three four-star hotels in Batam City. Concurrently, the present study encompasses a population and sample of employees at three four-star hotels in Batam City with the highest ratings and reviews on Traveloka in 2025.

Table 2. four-Star Hotels with the Highest Number of Ratings and Reviews in Batam City

Hotel Name	Total Rating	Number of Reviews
Aston Batam Hotel & Residence	8.7/10	2.520
Harris Hotel Batam Center	8.7/10	1.918
Harmoni One Convention Hotel	8.6/10	6.142

Source: Traveloka (2025)

In this study, researchers applied a non-probability sampling method with a convenience sampling approach, which is a sampling technique based on the ease with which researchers can reach respondents. Meanwhile, the data collection technique was carried out through primary data by distributing questionnaires to respondents via Google Forms. This research was also processed using the SmartPLS 4 application to test the relationship between variables using the

PLS-SEM analysis technique and the SPSS application was used to analyze demographic characteristics.

This study employs a sampling technique proposed by Hair et al. (2020), where the minimum sample size of respondents on each questionnaire question is 10 questionnaires. This study itself uses 18 questions with a minimum sample of 180 respondents. However, in anticipation of unfilled or unreturned questionnaires, 240 questionnaires were distributed to three four-star hotels in Batam City. In addition, to obtain data results, each indicator is measured using a 1-5 Likert scale. The talent management variable has five indicators developed from Samidi et al. (2023), employee satisfaction has five indicators developed from (Jibril & Yeşiltaş (2022), employee engagement has four indicators developed from Rasool et al. (2021), and organizational performance has four indicators developed from Al-Kahtani et al. (2024).

RESULTS

Demographic Characteristics

Based on the demographic characteristics data obtained from distributing questionnaires to three four-star hotels in Batam City in table 3, it can be seen that the respondents of this study were dominated by male, namely 145 people or 60.40%. This is because businesses engaged in hospitality have operating hours until night and require male labor, which is considered more optimal for serving customers (Karina & Ardana, 2020). In terms of age, respondents are dominated by 20-25 years old with a frequency of 130 people or 54.20%. Meanwhile, regarding the latest education, respondents were dominated by high school/equivalent with a frequency of 132 people or 55.00%. In addition, in terms of length of service, respondents were dominated by a length of service of 1 to 5 years as many as 165 people or 68.80%.

Table 3. Demographic Characteristics

Description	Demographics	Total	Percentage Rate
Gender	Male	145	60.40%
	Female	95	39.60%
Age	< 20 Years	10	4.20%
	20-25 Years	130	54.20%
	26-30 Years	80	33.30%
	> 30 Years	20	8.30%
Last Education	High School / Equivalent	132	55.00%
	Bachelor (S1)	98	40.80%
	Postgraduate (S2 / S3)	10	4.20%
Period of Employment	< 1 Year	5	2.10%
	1-5 Years	165	68.80%
	6-10 Years	65	27.10%
	> 10 Years	5	2.10%

Source: Data processed (2025)

Convergent Validity Test Results

The first stage in this study is a convergent validity test consisting of Outer Loadings and AVE, which aims to prove that all indicators and research variables are accurate and meet the validity criteria (Hair et al., 2020). The Outer Loadings test result shows that all indicators in the TM, ES, EE, and OP variables have been declared valid and meet the criteria for convergent validity because they show an Outer Loadings value of more than 0.6. Meanwhile, the AVE value

for each research variable has also been declared valid because it meets the criteria for convergent validity with a value of more than 0.5.

Table 4. Convergent Validity Test

	Item	Outer Loadings	AVE	Conclusion
Talent Management	TM1	0.870	0.680	Valid
	TM2	0.821		
	TM3	0.830		
	TM4	0.786		
	TM5	0.815		
Employee Satisfaction	ES1	0.837	0.643	Valid
	ES2	0.790		
	ES3	0.837		
	ES4	0.737		
	ES5	0.805		
Employee Engagement	EE1	0.827	0.649	Valid
	EE2	0.844		
	EE3	0.707		
	EE4	0.835		
Organizational Performance	OP1	0.809	0.674	Valid
	OP2	0.846		
	OP3	0.800		
	OP4	0.828		

Source: Data processed (2025)

Reliability Test Results

The next stage of this study is a reliability test consisting of Cronbach's Alpha (α) and Composite Reliability. This test aims to prove that all research variables are accurate and reliable (Hair et al., 2020). Based on the Cronbach's Alpha (α) test in Table 5, each variable with values of 0.882, 0.861, 0.819, and 0.838 has been deemed valid and reliable. The Composite Reliability results also show a good level of reliability because each variable has a value above 0.6.

Table 5. Reliability Test

	Cronbach's Alpha (α)	Composite Reliability	Conclusion
Talent Management	0.882	0.914	Reliable
Employee Satisfaction	0.861	0.900	Reliable
Employee Engagement	0.819	0.880	Reliable
Organizational Performance	0.838	0.892	Reliable

Source: Data processed (2025)

Discriminant Validity Test Results

The next step in this study is the discriminant validity test, which consists of Cross-Loadings, the Fornell-Larcker Criterion, and the HTMT Ratio. This test proves that all different research variables do not have a high correlation (Hair et al., 2020). The Cross Loadings test displayed in Table 6 shows that all indicator items in TM, ES, EE, and OP have gathered and correlated more than 0.7 with each variable.

Table 6. Cross Loading Test

Variables	Employee Engagement	Employee Satisfaction	Organizational Performance	Talent Management
EE1	0.827	0.600	0.636	0.621
EE2	0.844	0.577	0.596	0.638
EE3	0.707	0.461	0.424	0.450
EE4	0.835	0.611	0.610	0.598
ES1	0.674	0.837	0.606	0.708
ES2	0.526	0.790	0.507	0.537
ES3	0.591	0.837	0.502	0.579
ES4	0.431	0.737	0.417	0.530
ES5	0.564	0.805	0.591	0.562
OP1	0.605	0.524	0.809	0.501
OP2	0.586	0.580	0.846	0.565
OP3	0.570	0.492	0.800	0.555
OP4	0.579	0.571	0.828	0.575
TM1	0.578	0.605	0.550	0.870
TM2	0.626	0.693	0.561	0.821
TM3	0.568	0.532	0.517	0.830
TM4	0.601	0.562	0.579	0.786
TM5	0.603	0.616	0.548	0.815

Source: Data processed (2025)

Meanwhile, Table 7 shows that the results of the Fornell-Larcker test indicate that values of each variable are higher than the correlations between constructs in the framework. These value meet the criteria for discriminant validity 0.805, 0.802, 0.821, and 0.825.

Table 7. Fornell Larcker Criterion Test

Variables	EE	ES	OP	TM
EE	0.805			
ES	0.703	0.802		
OP	0.713	0.661	0.821	
TM	0.723	0.733	0.669	0.825

Source: Data processed (2025)

In addition, the HTMT Ratio test results in Table 8 show that the value of each variable and the correlation between constructs in the model are less than 0.9. This indicates that the data meet the discriminant validity criteria.

Table 8. Heterotrait Monotrait Ratio Test

Variables	EE	ES	OP	TM
EE				
ES	0.822			
OP	0.849	0.769		
TM	0.841	0.831	0.777	

Source: Data processed (2025)

R-Square (R²) Test Results

The next stage of this study was the R² test. According to Table 9, the EE variable with a mean value of 0.526 can be explained by TM, ES, and OP by 52.6%, while variables outside the study influence 47.4%. This R² value can be categorized as moderate. Meanwhile, the ES variable with an R² value of 0.542 can be explained by TM, EE, and OP by 54.2%, with variables outside the study influencing 45.8%. This R² value can be categorized as moderate. Additionally, the OP variable, with an R² value of 0.585, can be explained by TM, ES, and EE by 58.5%. In comparison, variables outside the study influence 41.5%, and this R² value can be categorized as moderate.

Table 9. R-Square (R²) Test

Variable	R ²	Percentage (%)
Employee Engagement	0.526	52.6%
Employee Satisfaction	0.542	54.2%
Organizational Performance	0.585	58.5%

Source: Data processed (2025)

DISCUSSION

Path Coefficient Test Results

The next steps in this study is the path coefficient test, which aims to determine the direct effect of a variable in the research framework through the bootstrapping analysis method with SmartPLS 4 software (Hair et al., 2020). The result of path coefficient testing in Table 10 also show that all hypotheses have a significant positive effect.

Table 10. Path Coefficient Test

Hypothesis	Sample Mean	T-Statistic	P-Value	Conclusion
TM → OP	0.216	2.396	0.017	H1: Significant Positive
TM → ES	0.735	19.394	0.000	H2: Significant Positive
ES → OP	0.224	2.521	0.012	H3: Significant Positive
TM → EE	0.724	17.835	0.000	H4: Significant Positive
EE → OP	0.399	4.338	0.000	H5: Significant Positive

Source: Data processed (2025)

Hypothesis 1

First, the test result of the effect of talent management (TM) on organizational performance (OP) shows that the TM variable has a significant positive effect on OP due to a sample mean of 0.216, T statistic of 2.396, and a P value of 0.017, meaning that the more effective the application of TM, the higher the OP. These results are also in line with the findings of Sembiring and Damayanti (2023), Alleimoun et al. (2022), Lančarič et al. (2021), Nafiana et al. (2024), Labolo (2021), and Alfalah and Alfalah (2023), which show that the implementation of effective TM strategies, including employee recruitment, development, and retention, is proven to increase productivity and organizational competitiveness. Placing individuals with the best competencies in appropriate roles also supports achieving strategic goals and drives sustainable

growth. In addition, fair compensation and increased employee engagement also contribute to more optimal organizational performance.

Hypothesis 2

Second, the test results of the effect of talent management (TM) on employee satisfaction (ES) show that the TM variable has a significant positive effect on ES due to a sample mean of 0.735, T statistic of 19.394, and a P value of 0.000, meaning that the more effective the application of TM, the more ES increases. These results are also in line with the findings of Shah et al. (2024), Al-Dalahmeh et al. (2022), Alrianti and Ekhsan (2024), Alparslan and Saner (2020), and Almomani et al. (2022) which show that effective TM practices such as employee recruitment, development, and retention contribute directly to increasing ES. In addition, employees who feel supported in their career development tend to be more motivated, show better performance, and have a higher level of loyalty to the company. Meanwhile, investment in TM also creates a more positive work environment, reduces counterproductive behaviour, and improves work-life balance.

Hypothesis 3

Third, the test results of the effect of employee satisfaction (ES) on organizational performance (OP) show that the ES variable has a significant positive effect on OP due to a sample mean of 0.224, T statistic of 2.521, and a P value of 0.012, meaning that the more optimal the perception of ES, the more OP increases. These results are also in line with the findings of Abdelwahed et al. (2022), Davidescu et al. (2020), Chanda and Goyal (2020), Park & Kim (2023), and Noercahyo et al. (2021), which show that employees who are satisfied with their jobs tend to be more motivated, productive, and contribute more to achieving organizational goals. Factors such as flexibility in tasks, work-life balance, and an autonomy-supportive work environment are proven to increase employee satisfaction, which positively impacts company growth and operational effectiveness. In addition, the right incentive system can also strengthen this relationship by encouraging employees to perform better.

Hypothesis 4

Fourth, the test results of the effect of talent management (TM) on employee engagement (EE) show that the TM variable has a significant positive effect on EE due to a sample mean of 0.724, T statistic of 17.835, and a P value of 0.000, meaning that the more effective the application of TM, the more EE increases. These results align with those of Gautam (2023), Luna-Arocas and Lara (2020), Hussain et al. (2021), Zafar et al. (2023), and Abdullahi et al. (2022). These studies demonstrate that TM practices, including talent recruitment, development, and retention, play a pivotal role in enhancing EE by fostering a supportive work environment and offering development opportunities. Furthermore, employees who feel appreciated and supported in their career development are more likely to be committed to the organization, less likely to intend to leave, and more likely to participate in their duties and responsibilities. Effective TM also strengthens the relationship between the employee and the organization, ultimately positively impacting the employee's contribution to achieving company goals.

Hypothesis 5

Fifth, the test results of the effect of employee engagement (EE) on organizational performance (OP) show that the EE variable has a significant positive effect on OP due to a sample mean of 0.399, T statistic of 4.338, and a P value of 0.000, meaning that the more optimal the perception of EE, the more OP increases. These results align with those of Bano et al. (2024), Jindain and Gilitwala (2024), Noercahyo et al. (2021), Tensay and Singh (2020), and Zafar et al. (2023). These studies demonstrate that highly engaged employees are more motivated, productive, and committed to company goals, ultimately contributing to improved OP. Effective

communication, work-life balance, and supportive leadership are essential factors in encouraging EE and strengthening employee and organization relationships. Furthermore, high engagement enhances individual performance, thereby impacting the organization's overall effectiveness in terms of productivity, profit, customer satisfaction, and competitiveness.

Indirect Effect Test Results

The last stage in this study is the indirect effect test (indirect relationship), which aims to prove the indirect effect of a variable in the research framework through the bootstrapping analysis method with SmartPLS 4 software (Hair et al., 2020). The results of indirect effect testing in Table 11 also show that all hypotheses have a significant positive effect.

Table 11. Indirect Effect Test

Hypothesis	Sample Mean	T-Statistic	P-Value	Conclusion
TM → ES → OP	0.165	2.423	0.015	H6: Significant Positive
TM → EE → OP	0.289	4.147	0.000	H7: Significant Positive

Source: Data processed (2025)

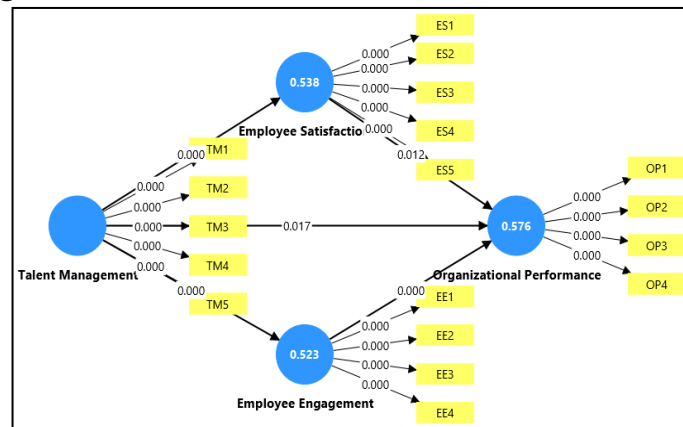
Hypothesis 6

Sixth, the test results of the effect of talent management (TM) on organizational performance (OP) mediated by employee satisfaction (ES) show that the TM variable has a significant positive effect on OP through the mediation of ES due to a sample mean of 0.165, T statistic of 2.423, and a P value of 0.015, meaning that the more effective the application of TM, the higher the OP mediated by ES. These results are also in line with the findings of Shah et al. (2024), Ghani et al. (2022), Masale et al. (2021), Škerháková et al. (2022), Abdullahi et al. (2022), and Jibril and Yeşiltaş (2022), which show that TM practices that include talent recruitment, development, and retention not only improve employee skills and capabilities but also contribute to increased ES. Employees who feel valued, provided with development opportunities, and have organizational support tend to have higher satisfaction levels, which positively impacts performance and the organization. In addition, ES also plays an important role as a mediating factor that strengthens the relationship between TM and OP, where more satisfied employees tend to remain committed, productive, and contribute optimally to achieving company goals.

Hypothesis 7

Seventh, the test results of the effect of talent management (TM) on organizational performance (OP) mediated by employee engagement (EE) show that the TM variable has a significant positive effect on OP through the mediation of EE due to a sample mean of 0.289, T statistic of 4.147, and a P value of 0.000, meaning that the more effective the application of TM, the higher the OP mediated by EE. These results align with those of Zafar et al. (2023), Gautam (2023), and Abdullahi et al. (2022).

These studies demonstrate that TM strategies, including talent recruitment, development, and retention, improve organizational effectiveness directly and indirectly through increased EE. Organizations with resources supporting growth and well-being tend to have more emotionally and professionally engaged employees. Furthermore, more engaged employees also exhibit higher levels of motivation and commitment, positively impacting the organization's overall productivity and performance.

Figure 2. Path Coefficient and Indirect Effect Test Results

Source: Data processed (2025)

CONCLUSION

Based on the results of research conducted at three four-star hotels in Batam City, it can be concluded that talent management significantly positively affects organizational performance, talent management significantly positively affects employee satisfaction, employee satisfaction significantly positively affects organizational performance, talent management significantly positively affects employee engagement, employee engagement significantly positively affects organizational performance, talent management significantly positively affects organizational performance through employee satisfaction mediation, and talent management significantly positively affects organizational performance through employee engagement mediation.

SUGGESTION

The limitation of this study lies in the scope of the sample, which only includes several hotels in Batam City, so the resulting findings have not been able to represent the entire population. Meanwhile, the managerial implication of this finding is that four-star hotels in Batam City need to optimize talent management strategies further to improve overall organizational performance. The company should also develop talent management programs oriented towards increasing employee satisfaction and engagement, such as skills-based training, clear career paths, and a fair and transparent reward system. In addition, a conducive work atmosphere and an organizational culture that encourages active participation of employees in decision making can also strengthen employee engagement and employee satisfaction, which positively impact organizational performance. For future research, it is recommended that the coverage area be expanded by involving four-star hotels in other regions, so that the results obtained can provide a broader representation.

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