

The mediating role of employee engagement on factors affecting employee performance

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ARTICLE INFORMATION

Article History

Received: 19-06-2023

Revised: 21-07-2023

Accepted: 22-07-2023

Keywords

Employee Performance;
Employee Engagement;
Talent Management;
Knowledge Management;
Job Satisfaction.

ABSTRACT

Employee performance is an essential aspect in determining the success of a company. Therefore, it is crucial to understand the factors influencing employee performance in the retail industry. This study aims to analyze the effect of talent management, knowledge management, and job satisfaction on employee performance, which is mediated by employee engagement. This research targets the population of employees working in Kota Batam retail industry, which involves 270 respondents. Data for this study were collected using distributing questionnaires and processed using Partial Least Squares. This study found that employee engagement positively affects talent management, knowledge management, and job satisfaction. The other direct effect is that talent management and job satisfaction positively affect employee performance, but knowledge management has no effect. Talent management and job satisfaction mediated by employee engagement positively affect employee performance.

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1. Introduction

The role of human resources is crucial in driving and maximizing the potential of an organization. Every individual within the organization is a valuable asset, and empowering them is essential for the overall progress and success of the organization (Sinambela et al., 2022). According to Ariawan (2022), human resources within a company are the key to its success, as seen through the elements of its workforce. The company constantly challenges employees to perform optimally to achieve the company's vision, mission, and goals. Only high-potential and well-placed employees can drive a company toward improvement.

To support employees' career development, companies need to encourage them to explore their inner selves and motivate each employee to acquire knowledge, as this can assist them in enhancing their performance by developing their potential and skills (Mantow & Nilasari, 2022). Employee performance is one aspect used to measure a company's success,

and high employee performance can help an organization sustain and achieve a competitive advantage.

Employee engagement is a long-term concept that involves deep emotional connection and commitment to one's work and workplace. It is the sense of involvement and attachment that an employee has towards an organization, which results in going above and beyond, displaying their best performance to achieve the organization's goals (Riyanto et al., 2021). Employees who perceive their worth to the company actively achieve the organization's objectives. This sense of value, appreciation, and motivation drives them to contribute meaningfully toward the company's targets and goals (Khairina et al., 2022).

Talent management is crucial for a company to effectively manage talented employees who can achieve the company's vision. By retaining the best employees, a company can optimize its performance in reaching its goals (Masduki & Sopiyan, 2021). Talent management is crucial in enhancing organizational performance by providing valuable knowledge and strategies for improvement and adaptation. Its objective extends beyond identifying and prioritizing talented employees, encompassing the alignment of development and growth strategies with the organization's mission and vision. This alignment ultimately leads to the long-term success and sustainability of the organization (Aina & Atan, 2020).

Knowledge management is a company's strategy for enhancing employee performance. The success of a company can be seen through the performance achieved by its employees. Therefore, companies demand that their employees optimize their performance because their work quality can significantly impact a company's overall results (Ariawan, 2020). When an organization effectively manages its employees' knowledge resources, employees become better prepared with the skills and information needed to perform their jobs and responsibilities effectively.

Job satisfaction is one of the crucial factors that should be considered in running an organization. Job satisfaction is essential for every individual. It can be observed in how well a person adapts to organizational needs and how the organization creates a work environment aligned with employees' desires (Goestjahjanti et al., 2020). In other words, job satisfaction is the evaluation of how favourable or unfavourable a job is, usually rated on a scale ranging from positive to negative (Judge et al., 2017). Due to the intricacy of the job satisfaction concept, a broad spectrum of definitions exists. However, most literature suggests that employees possess unique needs, and their level of job satisfaction is influenced by the extent to which these needs are fulfilled (Al Maqbali, 2015).

Maintaining a solid talent management strategy is crucial for retaining skilled employees. This strategy encompasses efforts to acquire, develop, and retain talented individuals. Additionally, knowledge management is vital in enhancing skills and fostering work motivation, ultimately improving individual and organizational performance. The employees' knowledge is a critical factor in achieving optimal outcomes in terms of their performance (Sumarto & Rumaningsih, 2021). Organizations require active participation and commitment from employees to attain and enhance performance, fostering motivation and meeting job satisfaction needs (Riyanto et al., 2021).

Performance is the outcome of work that can be achieved by employees, individually and collectively, within an organization, following the authority and responsibilities assigned by the organization. The retail industry is one of the businesses with promising prospects. The retail industry directly deals with the daily basic needs of the community, where the turnover of goods and money within it is very fast-paced (Ariawan, 2022). Concerning the Industrial Revolution, the retail industry has undergone substantial transformations (Har et al., 2022). As a result, the retail industry in Indonesia is experiencing a rise in the interest of both domestic and international retailers, leading to fierce competition. Various factors influence the performance of service employees, but two significant determinants are the

approach they adopt toward their job and their level of satisfaction with their work (Suhartanto et al., 2018). Their physical and emotional well-being dramatically influences the performance of employees in a company. If employees do not feel happy, proud, or experience positive things while working, talent management, knowledge management, and job satisfaction must be initiated to ensure that employees feel a sense of work engagement and achieve good performance.

2. Literature Review and Hypothesis Development

2.1. Literature Review

2.1.1. Employee Performance

Employee performance refers to the activities carried out to achieve the expertise and capabilities of each employee, which are assessed based on appropriate standards and aimed at enhancing an employee's performance in carrying out assigned tasks (Mantow & Nilasari, 2022). Performance expectations for employees involve setting goal delivery standards as a reference for employees to assess their performance in alignment with the established standards for their positions (Latifah & Muafi, 2021). Employee performance encompasses the dedicated effort exerted by employees within their work environment, leading to favourable outcomes in attaining organizational objectives (Linggiello et al., 2021). The organization should reward Good employee performance to employees who demonstrate high productivity levels in their work (Khairunnisa et al., 2021). Employees are social beings and are the main assets of a company. They are the ones who actively implement, plan, and control within the company, with thoughts, will, and deep emotions influencing their attitudes toward their work. These attitudes determine their performance and passion for the work given to them (Iskamto, 2020).

2.1.2. Employee Engagement

Employee engagement refers to the emotional and intellectual bond that employees form with their work, supervisors, company, or colleagues, which motivates them to be emotionally, cognitively, and behaviorally involved in the workplace, ultimately resulting in better outcomes for the organization. It also refers to the enthusiasm employees have for working toward the success and goals of the organization (Kaldeen et al., 2021). The social cognitive theory views the interactive causal structure as triadic reciprocal causation. It entails a dynamic interplay among individual factors, actions, and the impact of the environment (Bandura, 1999). Engagement can signify an employee's status originating from social exchanges in the workplace and culminating in high organizational performance. Employees who demonstrate high performance have found meaning in their jobs, the policies, and the company's culture (Riyanto et al., 2021). When employees connect with an organization, it improves business outcomes (Shmailan, 2016).

2.1.3. Talent Management

Talent management involves selecting talented individuals, sourcing talent, developing talent, and organizing or retaining talented individuals based on qualifications to achieve company goals. The term talent in Indonesian refers to the factor that differentiates the performance of each employee in a company (Windi et al., 2021). Talent management is a critical program required for implementation in a company. Talent management encompasses a range of company processes aimed at nurturing, retaining, identifying, and appropriately positioning employees with the requisite skills and qualifications (Sopiah et al., 2020). Organizations employ diverse

talent management practices to recruit and nurture individuals with various skills. These practices are designed to align their behaviour with organizational requirements, leading to increased happiness and motivation for individuals and improved performance at both individual and organizational levels (Thunnissen, 2016).

2.1.4. Knowledge Management

Knowledge management is crucial in equipping a company with the necessary preparations to embrace the digital economy era effectively. This process and knowledge management influence job satisfaction and enhance employee performance (Mantow & Nilasari, 2022). Knowledge management involves various communication processes, creating, and implementing knowledge to create business value and enhance organizational learning and employee performance (Masduki & Sopiyan, 2021). From an organizational standpoint, knowledge is considered a valuable asset, enabling a competitive edge (Farooq, 2018).

2.1.5. Job Satisfaction

Job satisfaction has a broad understanding and cannot be solely based on one definition. Positive emotions or happiness from work and personal experiences can also be defined as job satisfaction. A sense of comfort is the essence of job satisfaction. Emotions and mood influence unstable job satisfaction during work (Riyanto et al., 2021). Job satisfaction is a psychological process in which there is a desire and motivation to engage in actions to achieve predetermined goals within an organization or company (Windi et al., 2021). To enhance employee efficiency, effectiveness, productivity, and commitment, businesses must fulfil employee needs by providing favourable working conditions (Raziq & Maulabakhsh, 2015). Individual characteristics, interests, and abilities will determine the extent to which they can attain enough social acceptance and fulfilment to maintain engagement with the people they come across. Emotional connections also significantly influence this process (Bandura, 1999)

2.2. Hypothesis Development

2.2.1. The Influence of Talent Management on Employee Engagement

Talent management is a process that provides the necessary capabilities for an organization, ensures team capabilities, identifies potential competencies, fosters creativity and active communication, and generates innovation. Successful indicators of talent management include achieving employee engagement, and a relevant example is talented employees who exceed the company's requirements anytime and anywhere (Yuniati et al., 2021). A general understanding is that engaged employees are driven to contribute to the organization's success. Moreover, the literature suggests that work engagement, stemming from job satisfaction, is a product of effective talent management practices (Mohammed, 2015). Based on the explanations above, this study presents the first hypothesis:

H₁: Talent Management Has a Positive Influence on Employee Engagement

2.2.2. The Influence of Knowledge Management on Employee Engagement

According to Kaldeen et al. (2021), promoting knowledge sharing and fostering collaborative learning can boost job satisfaction, resulting in improved employee engagement, reduced absenteeism, decreased turnover intentions, enhanced job performance, and increased productivity. Companies must effectively leverage and disseminate strategic instruments such as knowledge management and employee involvement to compete in today's fast-paced business climate, as organizations and

knowledge are intricately connected to human resources (Bagram et al., 2022). Workers who possess the knowledge and share knowledge resources can enable business success and innovation outcomes (Kossyva et al., 2021). According to Onyango et al. (2022), deliberate efforts to ensure knowledge management will result in variations in employee engagement. Based on the explanations above, this study proposes the second hypothesis:

H₂: Knowledge Management Has a Positive Influence on Employee Engagement

2.2.3. The Influence of Job Satisfaction on Employee Engagement

Job satisfaction is a crucial factor that influences employee engagement. Dissatisfied employees are likely to exhibit lower productivity and performance within an organization. Additionally, the presence of well-being positively affects employee engagement. Job satisfaction and employee engagement are closely related concepts often used interchangeably. When employees experience satisfaction in their work, they tend to exhibit higher levels of engagement and dedication towards their jobs (Sudibjo & Sutarji, 2020). Different factors affecting employee satisfaction exert distinct and significant influences on employee behaviour and emotions (Vorina et al., 2017). Based on the explanations above, this study proposes the third hypothesis:

H₃: Job Satisfaction Has a Positive Influence on Employee Engagement

2.2.4. The Influence of Talent Management on Employee Performance

Talent management involves not only recruiting, training, and placing employees in the right job at the right time but also entails training on rotating employees' jobs. This allows the company to continuously upgrade the skills of each employee, resulting in high employee performance (Masduki & Sopiyan, 2021). According to Khairina et al. (2022), talent management directly enhances employee performance by providing employees with training, competency development, and retention programs, enabling them to perform their jobs timely and achieve the targets set by the company. Based on the explanations above, this study proposes the fourth hypothesis:

H₄: Talent Management Has a Positive Influence on Employee Performance

2.2.5. The Influence of Knowledge Management on Employee Performance

The knowledge management process, developed through work experience and general knowledge about the company, can help improve employee performance in quantity, quality, and timeliness of completing primary tasks and job functions in each department effectively and independently through ongoing training processes (Hasbi et al., 2020). Mantow & Nilasari (2022) state that knowledge management can develop skills and motivate employees to work, thereby improving individual and organizational performance. (Sumarto & Rumaningsih, 2021) suggest that knowledge management can enhance employee skills and work motivation, improving individual and overall organizational performance. In their research, Efendi & Dwijayanda (2021) stated that the impact of knowledge management on employee performance was found to be insignificant.

This implies that while the variables have a positive association, they lack sufficient strength to be considered statistically significant. Meanwhile, Ariawan (2022) conducted a study that found no significant impact of knowledge management on employee performance. The study suggested that the most influential learning occurs in the first year of work when employees receive training and education as part of their probationary period, shaping the work culture. However, the work culture becomes

routine afterwards, and employees become accustomed to their daily tasks. Based on the explanations above, this study proposes the fifth hypothesis:

H₅: Knowledge Management Has a Positive Influence on Employee Performance

2.2.6. The Influence of Job Satisfaction on Employee Performance

Performance as a task is a multifaceted characteristic that relies on various conditions, aside from overall job satisfaction, which may need to be more easily identifiable and predictable (Platis et al., 2015). According to Khairina et al. (2022), employees' higher levels of job satisfaction are associated with punctuality, exemplary job performance, providing ideas and suggestions for company improvement, and striving to achieve company targets. Higher job satisfaction levels can also reduce negative or counterproductive behaviours such as task refusal, lateness, and failure to meet targets. Pancasila et al. (2020) state that when employees experience job satisfaction, they can create better morale and improved performance outcomes. Based on the explanations above, this study proposes the sixth hypothesis:

H₆: Job Satisfaction Has a Positive Influence on Employee Performance

2.2.7. The Influence of Employee Engagement on Employee Performance

Commitment is critical for leaders and employees striving for intelligent engagement, leading to motivation, productivity, and enthusiasm without causing exhaustion (Sulistyawati & Sufriadi, 2020). According to Sopiah et al. (2020), when employees have a close relationship with their work and the company, they will enhance three common attitudes: say, stay, and drive. Satata (2021) concludes that employee commitment influences individual organizational performance. With employee commitment, individuals experience higher productivity and satisfaction in achieving company goals with improved quality. They feel absorbed in their work, work more consistently, and are physically and psychologically competitive. Based on the explanations above, this study proposes the seventh hypothesis:

H₇: Employee Engagement Has a Positive Influence on Employee Performance

2.2.8. The Influence of Talent Management on Employee Performance Mediated by Employee Engagement

Talent management can influence employee engagement and also enhance their performance. In other words, when employees possess competencies that are difficult for others to adopt, the organization gains a competitive advantage over its rivals (Sopiah et al., 2020). Mohammed (2015) also states that talent management is linked to company performance through job engagement. Employees who feel engaged in their work and organization are more likely to exhibit better performance because they feel valued by the organization. Kamel (2019) noted that talent management is a business strategy within an organization that has the potential to enhance organizational performance. In other words, when employees possess unique competencies that are difficult for others to replicate, the organization gains a competitive advantage over its rivals. Based on the explanations above, this study proposes eight hypotheses:

H₈: Talent Management Has a Positive Influence on Employee Performance Mediated by Employee Engagement

2.2.9. The Influence of Knowledge Management on Employee Performance Mediated by Employee Engagement

Knowledge management is a set of processes to create, communicate, and apply organizational knowledge to generate business value and enhance employee learning and performance. The effectiveness of an organization in cultivating employee engagement will influence the performance of its employees. Employees need to effectively manage their talents and knowledge, drawing from their previous experiences and participating in seminars and training provided by the company. They should be capable of maintaining a satisfactory level of performance and optimizing their performance to contribute to the organization's development (Sumarto & Rumaningsih, 2021). Based on the above explanation, the ninth hypothesis is proposed as follows:

H₉: Knowledge Management Has a Positive Influence on Employee Performance Mediated by Employee Engagement

2.2.10. The Influence of Job Satisfaction on Employee Performance Mediated by Employee Engagement

According to Riyanto et al. (2021), organizations encourage behaviour and communicate employee expectations to achieve organizational goals. This is crucial for development programs, enabling passionate employees to benefit from their performance. To promote job satisfaction and motivation in alignment with expectations, it is crucial to cultivate a culture of active employee engagement, thereby increasing their passion for work and optimizing their performance in achieving goals. Based on the above explanation, the tenth hypothesis is proposed as follows:

H₁₀: Job Satisfaction Has a Positive Influence on Employee Performance Mediated by Employee Engagement

2.3. Research Framework

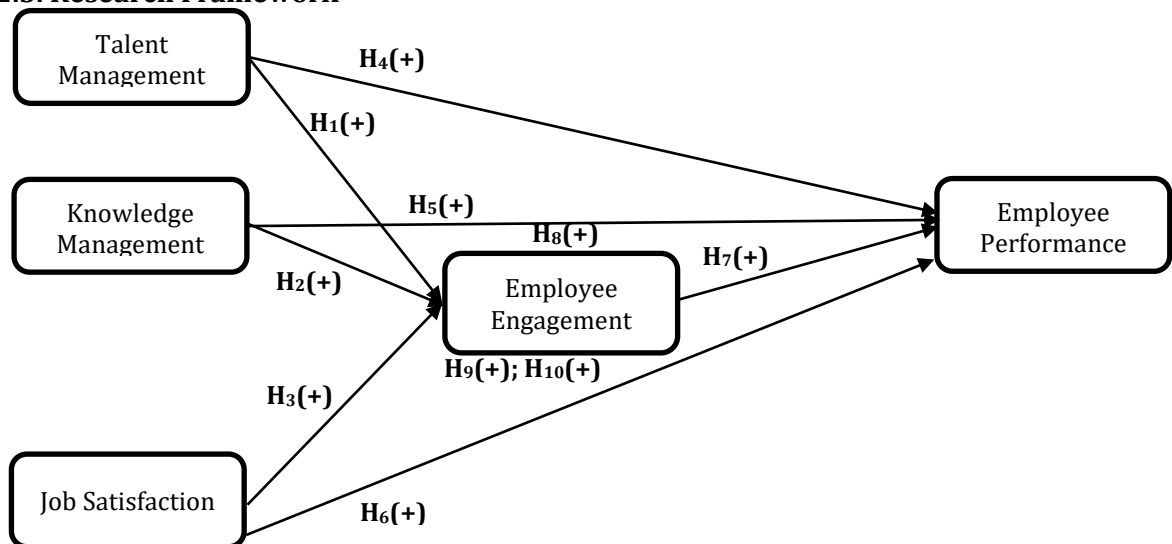


Figure 1. Research Framework

Figure 1 above is a model of this study. From the picture, it can be seen that the purpose of the study is to determine the role of employee engagement as a mediating variable in the influence of talent management, knowledge management, and job satisfaction on employee performance.

3. Research Method

3.1. Population and Sampling Method

The population in this study consists of employees working in the retail industry, specifically in shopping centres located in Kota Batam. In this research, non-probability sampling is used due to the diverse nature of the selected samples, with varying sample sizes. The number of elements selected as samples is also unknown due to limited information. The selection of shopping centres in Batam City was conducted randomly, involving seven companies. The author employed the random sampling method to ensure equal opportunities in selecting and retrieving the samples. The method outlined by Hair et al. (2017) was used as a reference to determine the sample size, following the formula $n \times 10$. This study employs a questionnaire comprising 27 items, requiring a minimum of 270 respondents for the research sample. To account for possible errors or incomplete questionnaire responses, 280 questionnaires will be distributed.

3.2. Data Collection Method

In this study, the researcher used primary and secondary data (Ahyar et al., 2020). The data collection process involved the use of primary data, which was gathered through the distribution of questionnaires. The measurement indicators used in the questionnaires were adopted from previous studies. Specifically, the employee performance (EP) variable measurement consisted of five indicators adopted from the study by Khairina et al. (2022). The employee engagement (EE) variable was measured using five indicators, and the job satisfaction (JS) variable was measured using seven indicators derived from the study by Riyanto et al. (2021). Additionally, the talent management (TM) measurement utilized five indicators from the study by Goestjahjanti et al. (2020), while the measurement of knowledge management (KM) employed five indicators from the study by Mantow & Nilasari (2022). All the measurement indicators were combined as a questionnaire and distributed to employees working in shopping centres in Kota Batam.

3.3. Analysis Method

In analyzing the data, a descriptive analysis method was employed. Descriptive analysis helps the researcher depict the data's characteristics (Srimulyani, 2020). To achieve the study's objectives, the data to be analyzed should provide relevant information and be necessary and helpful in facilitating the research. This study used Partial Least Squares (PLS) to test the model and hypotheses. The PLS analysis consists of the evaluation of the inner and outer models (Latifah & Muafi, 2021). Using the PLS method aims to assist the researcher in understanding and explaining the relationships between variables.

4. Results and Discussion

4.1. Validity and Reliability Test

Validity testing can be measured using average variance extracted (AVE) and loading factor. AVE is obtained by averaging the reliabilities of indicators of a construct. The criterion for AVE is that it should be 0.5 or higher. Convergent validity is established when a measurement item demonstrates a loading factor score of ≥ 0.5 , indicating statistical significance (Hair et al., 2020). Based on this, it can be concluded that all questionnaire items are valid measures of the variables. All indicators in the table have a loading factor above 0.5. Cronbach's alpha and composite reliability are employed in reliability testing. High reliability indicates that the indicators consistently measure their latent constructs. A construct can be considered reliable if above 0.7 (Hair et al., 2020). When cronbach's alpha and composite reliability values exceed 0.7, it indicates strong consistency among all

indicators, establishing their reliability and trustworthiness. EP 3, TM 2, and TM 4 exhibit higher values than cronbach's alpha, indicating that the corrected total item correlation is stronger than the internal consistency value. This suggests that the interrelationships among EP 3, TM 2, and TM 4 are more robust than the average correlation between each item and the overall scale score. In simpler terms, these items are highly correlated but may not be as strongly associated with the overall concept being measured. The following validity and reliability test results are shown in the following Table 1.

Table 1. Validity and Reliability Result Test

Variable	Loading Factor	AVE	Cronbach's Alpha	Composite Reliability
Employee Performance		0.602	0.833	0.883
EP 1	0.664			
EP 2	0.783			
EP 3	0.834			
EP 4	0.795			
EP 5	0.792			
Employee Engagement		0.542	0.790	0.856
EE 1	0.727			
EE 2	0.752			
EE 3	0.736			
EE 4	0.739			
EE 5	0.727			
Talent Management		0.574	0.810	0.869
TM 1	0.558			
TM 2	0.821			
TM 3	0.786			
TM 4	0.832			
TM 5	0.758			
Knowledge Management		0.614	0.845	0.888
KM 1	0.715			
KM 2	0.797			
KM 3	0.804			
KM 4	0.770			
KM 5	0.829			
Job Satisfaction		0.548	0.865	0.894
JS 1	0.699			
JS 2	0.783			
JS 3	0.766			
JS 4	0.737			
JS 5	0.673			
JS 6	0.802			
JS 7	0.716			

Source: Primary Data Processed (2023)

4.2. Hypothesis Test

When PLS processes standardized data, path coefficients represent the extent to which the value of the endogenous construct changes when there is a one-standard-deviation shift in a particular predictor construct while keeping all other predictor

constructs unchanged. Path coefficients more significant than ± 1 are unacceptable, and methods to reduce multicollinearity should be applied. P value below 0.05 indicate that the indicator weights are statistically significant (Hair et al., 2014). The following hypothesis test results are shown in the following Table 2.

Table 2. Hypothesis Test

Hypothesis	T-Statistics (t /STDEV)	P Value	Conclusion
Talent Management → Employee Engagement	6.465	0.000	Accepted
Knowledge Management → Employee Engagement	3.962	0.000	Accepted
Job Satisfaction → Employee Engagement	4.082	0.000	Accepted
Talent Management → Employee Performance	3.874	0.000	Accepted
Knowledge Management → Employee Performance	1.900	0.058	Rejected
Job Satisfaction → Employee Performance	2.284	0.023	Accepted
Employee Engagement → Employee Performance	10.299	0.000	Accepted
Talent Management → Employee Engagement → Employee Performance	5.659	0.000	Accepted
Knowledge Management → Employee Engagement → Employee Performance	3.448	0.001	Accepted
Job Satisfaction → Employee Engagement → Employee Performance	3.768	0.000	Accepted

Source: Primary Data Processed (2023)

One of the ten tested hypotheses shows no significant influence between the variables. Apart from this one hypothesis, all others show significant positive results. This can be seen from the p value less than 0.05 (Hair et al., 2014). The influence of knowledge management on employee performance has p values above the standard.

4.3. Discussion

4.3.1. Talent Management Has a Positive Influence on Employee Engagement

The more effective talent management is through training and talent development of employees within the company, the more it can enhance employee engagement or trust in the company. This finding is consistent with the research conducted by Goestjahjanti et al. (2020), Srimulyani (2020), Sopiha et al. (2020), Suharto & Rumaningsih (2021), Yuniati et al. (2021), and Khairina et al. (2022). Effective talent management allows companies to place employees in roles that align with their abilities and interests. As a result, employees feel recognized and valued, which can enhance their engagement with their work and the organization.

4.3.2. Knowledge Management Has a Positive Influence on Employee Engagement

With knowledge management, which involves sharing and utilizing information among employees within the company, they can feel more engaged with their organization. The findings of this study are in line with the research conducted by Kaldeen et al. (2021), Suharto & Rumaningsih (2021), and Onyango et al. (2022). Effective talent management allows companies to place employees in roles that align with their abilities and interests. As a result, employees feel recognized and valued, which can enhance their engagement with their work and the organization.

4.3.3. Job Satisfaction Has a Positive Influence on Employee Engagement

The higher the job satisfaction employees possess, the more they will feel trust and engagement towards their company. These findings are consistent with Sudibjo & Sutarji (2020), Herminingsih (2020), and Hossen et al. (2020). By ensuring easy access to relevant information and knowledge, companies can facilitate learning and knowledge exchange among employees. This enhances employees' sense of involvement in their work as they feel supported in developing their competencies and skills.

4.3.4. Talent Management Has a Positive Influence on Employee Performance

More effective talent management within a company, in the form of talent training and development programs tailored to each individual, can enhance employees' enthusiasm for their work and result in higher performance. The findings of this research are consistent with Ramadhani et al. (2020), Sopiah et al. (2020), Windi et al. (2021), Khairina et al. (2022), and Mantow & Nilasari (2022). If talent management effectively identifies, recruits, or develops employees with suitable talents, employee performance can be positively affected. Employees may not be suited for their roles or lack the necessary skills to achieve the expected outcomes. Furthermore, the lack of focus on employee development and training can lead to their inability to optimize performance.

4.3.5. Knowledge Management Has No Positive Influence on Employee Performance

Shopping centre employees are more focused on routine tasks, resulting in a limited role and underutilization of knowledge management, which affects employees' emphasis on motivation and discipline. Even without knowledge management, employee performance remains unaffected. Employees will continue to perform well despite the absence of knowledge management because utilizing knowledge and information through technology systems still needs to be improved in the retail industry. This situation may occur when there is a lack of strong management support and insufficient training. These findings are consistent with the research conducted by Ariawan (2022).

4.3.6. Job Satisfaction Has a Positive Influence on Employee Performance

Employees who are satisfied with their work tend to be more motivated, committed, and engaged in their tasks, which can enhance productivity and work quality. Additionally, employees who experience satisfaction in their work are inclined to remain with the organization for an extended duration and exhibit reduced absenteeism rates. This research aligns with Sabuhari et al. (2020), Yoopetch et al. (2021), and Khairina et al. (2022). Employees who experience a sense of satisfaction in their work typically demonstrate higher enthusiasm, dedication, and commitment to the organization. This positively influences their performance as they are motivated to achieve good results and contribute to the fullest.

4.3.7. Employee Engagement Has a Positive Influence on Employee Performance

When employees feel engaged, they work with tremendous enthusiasm, contribute actively, communicate effectively, and accelerate innovation. All of these factors can support better employee performance in the retail industry. This indicates a strong direct relationship between employee engagement and employee performance, where higher levels of employee engagement lead to better performance outcomes. These findings are consistent with previous research and highlight the importance of

fostering a positive work environment that encourages employee engagement to achieve higher levels of employee performance. These results align with studies conducted by Nusannas et al. (2020), Nur et al. (2021), and Satata (2021).

4.3.8. Talent Management Has a Positive Influence on Employee Performance Mediated by Employee Engagement

By conducting proper recruitment, training, and providing recognition to employees, they can become more satisfied and committed to their work, thus feeling valued and working towards realizing their full potential. Therefore, the more effective talent management is in enhancing employee engagement, the higher the employee performance in the company. Hence, companies need to pay attention to and improve talent management and employee engagement to enhance employee performance indirectly. These findings are consistent with the research conducted by Sopiah et al. (2020), Sumarto & Rumaningsih (2021), and Khairina et al. (2022). An elevated level of employee engagement can enhance the connection between effective talent management and enhanced employee performance. Employees who experience emotional and cognitive engagement in their work are more likely to be motivated, attentive, and dedicated to attaining favourable results. Employee engagement acts as a bridge that connects good talent management to enhanced performance.

4.3.9. Knowledge Management Has Positive Influence on Employee Performance Mediated by Employee Engagement

Companies can create, communicate, and apply knowledge efficiently to employees with practical knowledge management. This enables employees to be more engaged in their work, enhancing their motivation and commitment to the organization. High employee engagement, in turn, positively impacts their performance as they tend to be more dedicated, creative, and productive in carrying out their tasks. Therefore, good knowledge management directly or indirectly improves employee performance and overall development. This aligns with the research conducted by Sumarto & Rumaningsih (2021).

4.3.10. Job Satisfaction Has a Positive Influence on Employee Performance Mediated by Employee Engagement

When employees experience high motivation and job satisfaction, they can contribute and emotionally engage in achieving the company's goals. High engagement can drive them to perform better and deliver good performance. These findings align with Riyanto et al. (2021). Employee engagement is crucial in reinforcing the connection between job satisfaction and enhanced employee performance. When employees experience emotional and cognitive engagement in their work, they exhibit increased dedication, motivation, and commitment to achieving favourable outcomes. Employee engagement is a bridge that connects high job satisfaction with performance improvements.

5. Conclusion

Based on the findings of this research, several points can be concluded. First, talent management has a positive influence on employee engagement. Second, knowledge management has a positive influence on employee engagement. Third, job satisfaction has a positive influence on employee engagement. Fourth, talent management has a significant negative impact on employee performance. Fifth, knowledge management has little impact on employee performance. Sixth, job satisfaction has a positive influence on employee performance. Seventh, employee engagement has a positive influence on employee

performance. Eighth, employee engagement acts as a mediator in the relationship between talent management and employee performance. Ninth, employee engagement acts as a mediator in the relationship between knowledge management and employee performance. Tenth, employee engagement acts as a mediator in the relationship between job satisfaction and employee performance. The results of this research provide essential contributions to understanding the appropriate organizational conditions to advance the company in the future.

From this research, several suggestions can be given to future researchers. Firstly, future researchers can involve a more significant number of companies and different industries in the city of Batam. Secondly, they can compare data between companies within the same industry or between different industries. This can provide a deeper understanding of the differences and similarities in the influence of these factors on employee performance. The results of this research can provide insights and help companies identify areas that need attention to improve employee performance. The process of obtaining permission from companies needs to be improved. Furthermore, this thesis research is subject to time constraints and limited resources. These factors can restrict the number of samples that can be collected and the duration for data collection, thus causing difficulties in gathering responses from all companies in Batam City.

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