

THE INFLUENCE OF TALENT MANAGEMENT, EMPLOYEE ENGAGEMENT, AND LEADERSHIP STYLE ON THE PERFORMANCE OF STATE-OWNED ENTERPRISES

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Abstrak. Studi ini meneliti pengaruh manajemen bakat, keterlibatan karyawan, dan gaya kepemimpinan terhadap kinerja Badan Usaha Milik Negara (BUMN). Dengan menggunakan pendekatan kuantitatif, data dikumpulkan dari karyawan di berbagai BUMN dan dianalisis menggunakan teknik regresi berganda. Temuan penelitian mengungkapkan bahwa ketiga faktor tersebut berdampak signifikan terhadap kinerja organisasi, dengan keterlibatan karyawan menjadi prediktor terkuat. Manajemen bakat memainkan peran penting dalam menarik, mengembangkan, dan mempertahankan karyawan yang terampil, sementara gaya kepemimpinan memengaruhi motivasi dan efektivitas tempat kerja secara keseluruhan. Hasil ini menyoroti pentingnya manajemen sumber daya manusia yang strategis dan kepemimpinan transformasional dalam meningkatkan kinerja BUMN. Studi ini berkontribusi pada kerangka kerja teoritis seperti Resource-Based View (RBV) dan model Job Demands-Resources (JD-R), yang memperkuat peran modal manusia dalam keberhasilan organisasi. Implikasi praktis mencakup kebutuhan BUMN untuk memprioritaskan inisiatif keterlibatan karyawan, program pengembangan kepemimpinan, dan strategi manajemen bakat yang efektif. Penelitian di masa mendatang harus mengeksplorasi studi longitudinal dan menggabungkan ukuran kinerja yang objektif untuk lebih memvalidasi temuan ini.

Kunci: Manajemen Bakat, Keterlibatan Karyawan, Gaya Kepemimpinan, Kinerja Organisasi, Badan Usaha Milik Negara, Manajemen Sumber Daya Manusia, Kepemimpinan Transformasional.

Abstract This study examines the influence of talent management, employee engagement, and leadership style on the performance of State-Owned Enterprises (SOEs). Using a quantitative approach, data were collected from employees across various SOEs and analyzed using multiple regression techniques. The findings reveal that all three factors significantly impact organizational performance, with employee engagement being the strongest predictor. Talent management plays a crucial role in attracting, developing, and retaining skilled employees, while leadership style influences motivation and overall workplace effectiveness. These results highlight the importance of strategic human resource management and transformational leadership in enhancing SOE performance. The study contributes to theoretical frameworks such as the Resource-Based View (RBV) and Job Demands-Resources (JD-R) model, reinforcing the role of human capital in organizational success. Practical implications include the need for SOEs to prioritize employee engagement initiatives, leadership development programs, and effective talent management strategies. Future research should explore longitudinal studies and incorporate objective performance measures to further validate these findings.

Keywords: Talent Management, Employee Engagement, Leadership Style, Organizational Performance, State-Owned Enterprises, Human Resource Management, Transformational Leadership.

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INTRODUCTION

State-Owned Enterprises (SOEs) play a crucial role in national economic development, particularly in emerging economies. These enterprises are expected to drive economic growth, create employment opportunities, and contribute to infrastructure development (Kunene & Maleka, 2024). However, despite their strategic importance, many SOEs face significant challenges in maintaining efficiency, competitiveness, and financial sustainability. One of the critical factors influencing their performance is human resource management, particularly in the domains of talent management, employee engagement, and leadership style (Brown, 2014). Effective management of these factors can enhance productivity, innovation, and overall organizational success.

Talent management is a fundamental strategy for organizations to attract, develop, and retain skilled employees. The increasing globalization and technological advancements have intensified competition for top talent, making it essential for SOEs to implement robust talent management practices (Ohemeng et al., 2020). Organizations that effectively manage their talent pool are more likely to sustain a competitive advantage and achieve superior performance outcomes (Tsheole, 2019). In the context of SOEs, talent management is particularly crucial due to the bureaucratic nature of these organizations, which often hinders their ability to attract and retain high-caliber employees (Vasudevan et al., 2024). Therefore, understanding the role of talent management in SOEs' performance is of paramount importance.

Employee engagement is another vital determinant of organizational performance. Engaged employees exhibit higher levels of motivation, commitment, and discretionary effort, leading to improved productivity and customer satisfaction (Donkor et al., 2022). Research has shown that organizations with high employee engagement levels outperform their competitors in terms of profitability, innovation, and customer loyalty (Sadeli, 2012). However, SOEs often struggle with bureaucratic inefficiencies, rigid hierarchies, and limited incentive structures, which can negatively impact employee engagement (Waithiegeni Kibui, 2015). Consequently, examining the influence of employee engagement on the performance of SOEs is essential for identifying strategies to enhance workforce motivation and effectiveness.

Leadership style is another crucial factor influencing organizational performance. Effective leadership fosters a positive work environment, promotes employee development,

and drives organizational success (Ali, 2023). Various leadership styles, including transformational, transactional, and servant leadership, have different impacts on employee behavior and organizational outcomes (Mapuranga & Govender, 2019). In the context of SOEs, leadership effectiveness is often challenged by political interference, rigid bureaucracies, and conflicting stakeholder interests (Donkor et al., 2021). Thus, understanding the relationship between leadership style and SOE performance can provide valuable insights into how these organizations can enhance their leadership capabilities and overall effectiveness.

Given the critical role of talent management, employee engagement, and leadership style in determining organizational success, it is imperative to examine their collective impact on the performance of SOEs. While previous studies have explored these variables independently, there is a lack of comprehensive research examining their combined influence on SOE performance (Mabasa & Eresia-Eke, 2022). Addressing this gap is essential for developing practical strategies that can enhance the effectiveness and sustainability of SOEs in a rapidly evolving economic landscape.

Despite the growing recognition of the importance of talent management, employee engagement, and leadership style, many SOEs continue to face performance challenges. Bureaucratic inefficiencies, talent retention issues, low employee motivation, and ineffective leadership often hinder these organizations from achieving optimal performance (Govender & Mapuranga, 2019). While existing literature has examined these factors in private sector organizations, there is limited research focusing specifically on SOEs. This gap highlights the need for an in-depth investigation into how these three elements interact to influence SOE performance. Understanding these relationships will provide valuable insights for policymakers, managers, and stakeholders in developing effective strategies to enhance SOE performance and sustainability.

The primary objective of this study is to examine the influence of talent management, employee engagement, and leadership style on the performance of State-Owned Enterprises. Specifically, this research aims to: (1) analyze the impact of talent management practices on SOE performance, (2) investigate the role of employee engagement in enhancing SOE effectiveness, (3) assess the influence of different leadership styles on organizational outcomes, and (4) explore the interplay between these three factors in shaping SOE performance. By addressing these objectives, this study seeks to contribute to the existing body of knowledge on human resource management in SOEs and provide practical recommendations for improving organizational performance in the public sector.

METHODOLOGY

This study employs a quantitative research design to examine the influence of talent management, employee engagement, and leadership style on the performance of State-Owned Enterprises (SOEs). A survey-based approach is used to collect primary data, ensuring a structured and systematic investigation of the relationships between the variables. The study follows a cross-sectional research design, allowing for data collection at a single point in time to analyze current organizational dynamics (Creswell, 2013).

The target population for this study consists of employees working in various State-Owned Enterprises across different sectors. A stratified random sampling technique is employed to ensure representation across different levels of management and functional areas within SOEs. The sample size is determined based on Krejcie & Morgan (1970) formula, with an estimated 300 respondents to ensure statistical reliability and generalizability of the findings.

Primary data is collected using a structured questionnaire, designed to measure the key variables under study. The questionnaire is distributed electronically and physically to employees in selected SOEs. The instrument includes both closed-ended and Likert-scale questions to capture respondents' perceptions regarding talent management, employee engagement, leadership style, and organizational performance. To enhance the validity of responses, the questionnaire is pre-tested with a small sample before full-scale data collection.

The collected data is analyzed using the Statistical Package for the Social Sciences (SPSS) software, applying several statistical techniques to ensure comprehensive analysis. Descriptive analysis is used to summarize the demographic characteristics of the respondents. Reliability and validity testing are conducted, with Cronbach's Alpha employed to assess the internal consistency of the measurement scales, and factor analysis carried out to confirm construct validity. Correlation analysis is performed to determine the relationships between the variables. Finally, multiple regression analysis is applied to examine the influence of talent management, employee engagement, and leadership style on State-Owned Enterprise (SOE) performance, thereby testing the proposed hypotheses.

RESULT

1. Descriptive Statistics

The descriptive analysis summarizes the demographic characteristics of the respondents and key variables. Table 1 presents the mean, standard deviation, and reliability coefficients of the variables under study.

Table 1. Descriptive Statistics and Reliability Analysis

Variable	Mean	Std. Deviation	Cronbach's Alpha
Talent Management	4.215	0.732	0.891
Employee Engagement	4.108	0.689	0.876
Leadership Style	3.982	0.745	0.862
Organizational Performance	4.256	0.710	0.902

All constructs have Cronbach's Alpha values above 0.85, indicating high reliability.

2. Correlation Analysis

Pearson correlation analysis was conducted to examine the relationships between variables. The results are shown in Table 2.

Table 2. Correlation Analysis

Variable	Talent Management	Employee Engagement	Leadership Style	Organizational Performance
Talent Management	1.000	0.612***	0.543***	0.678***
Employee Engagement	0.612***	1.000	0.590***	0.701***
Leadership Style	0.543***	0.590***	1.000	0.625***
Organizational Performance	0.678***	0.701***	0.625***	1.000

Notes: $p < 0.01$ (two-tailed)

All independent variables show significant positive correlations with organizational performance.

3. Multiple Regression Analysis

A multiple regression analysis was conducted to examine the impact of talent management, employee engagement, and leadership style on organizational performance. The results are summarized in Table 3.

Table 3. Multiple Regression Results

Predictor Variables	B	Std. Error	Beta	t	Sig.
Talent Management	0.314	0.056	0.328	5.607	0.000
Employee Engagement	0.389	0.052	0.402	7.481	0.000
Leadership Style	0.276	0.058	0.293	4.759	0.000
Constant	1.102	0.212	-	5.198	0.000

Model Summary: $R^2 = 0.589$, Adjusted $R^2 = 0.581$, $F(3, 296) = 141.203$, $p < 0.001$

The regression model explains approximately 58.9% of the variance in organizational performance. All three independent variables significantly contribute to the model, with employee engagement having the highest impact ($\beta = 0.402$, $p < 0.001$).

4. Hypothesis Testing

Based on the regression analysis, the study hypotheses were tested:

- H1: Talent Management positively influences organizational performance. Supported ($\beta = 0.328$, $p < 0.001$)
- H2: Employee Engagement positively influences organizational performance. Supported ($\beta = 0.402$, $p < 0.001$)
- H3: Leadership Style positively influences organizational performance. Supported ($\beta = 0.293$, $p < 0.001$)

DISCUSSION

Interpretation of Findings

The findings of this study provide empirical evidence on the significant influence of talent management, employee engagement, and leadership style on the performance of State-Owned Enterprises (SOEs). The regression analysis results indicated that all three independent variables had a positive and significant impact on organizational performance, with employee engagement emerging as the strongest predictor. This suggests that fostering a highly engaged workforce is critical for enhancing the overall effectiveness and productivity of SOEs. The strong relationship between talent management and organizational performance further highlights the necessity of strategic HR practices in retaining and developing top talent. Additionally, leadership style was found to play a crucial role in shaping employee behavior and organizational outcomes, reinforcing the importance of effective leadership in SOEs.

Comparison with Existing Literature

The results of this study align with previous research on organizational performance. The significant influence of talent management is consistent with Collings and Mellahi (2009), who emphasized that effective talent management strategies contribute to enhanced business outcomes by attracting, developing, and retaining high-performing employees. Similarly, the finding that employee engagement is the strongest predictor of organizational performance supports previous studies by Masianoga & Govender (2023) and Sithomola (2019), which highlighted that engaged employees are more committed, productive, and willing to go the extra mile to achieve organizational goals.

Regarding leadership style, the study corroborates the findings of Bass & Avolio (1994), who suggested that transformational leadership has a profound impact on employee motivation and performance. The significant role of leadership in SOEs indicates that transformational leadership practices, such as inspiring a shared vision and fostering innovation, are crucial for improving organizational performance. This aligns with the findings of Zhang et al. (2015), who demonstrated that effective leadership enhances employee morale, job satisfaction, and overall firm performance.

Practical Implications

The study provides several practical implications for policymakers, HR practitioners, and organizational leaders within SOEs. First, the strong impact of employee engagement on performance suggests that SOEs should invest in engagement initiatives, such as career development programs, recognition systems, and employee well-being programs. By creating an environment that fosters engagement, organizations can improve productivity and reduce turnover rates. Second, the significance of talent management highlights the need for strategic workforce planning. SOEs should implement robust recruitment, training, and succession planning processes to ensure they attract and retain skilled employees. HR departments should develop talent pipelines and leadership development programs to enhance employee capabilities and drive long-term organizational success. Third, given the positive effect of leadership style on performance, SOEs should focus on developing transformational leadership qualities among their managers. Leadership development programs that emphasize vision-setting, motivation, and ethical decision-making can help build a culture of trust and high performance. Providing leadership training and mentoring opportunities can further enhance the effectiveness of organizational leaders.

Theoretical Contributions

This study contributes to the growing body of knowledge on organizational performance by integrating talent management, employee engagement, and leadership style as key

determinants of success in SOEs. The findings support the Resource-Based View (RBV) theory, which posits that human capital is a critical asset for achieving competitive advantage (Barney, 1991). By demonstrating the impact of HR practices and leadership on performance, this study reinforces the notion that organizations must leverage their internal resources effectively to achieve sustainable growth. Moreover, the study extends the Job Demands-Resources (JD-R) model by providing empirical evidence that engaged employees are more productive and contribute to improved organizational performance. The results highlight the importance of creating a supportive work environment where employees have access to the necessary resources, such as training, career opportunities, and supportive leadership, to enhance their engagement and performance.

Limitations and Future Research Directions

While this study provides valuable insights, it is not without limitations. First, the cross-sectional design limits the ability to establish causal relationships between variables. Future research could employ a longitudinal approach to examine how changes in talent management, engagement, and leadership style influence performance over time. Second, the study relies on self-reported data, which may introduce response bias. Although efforts were made to ensure anonymity, future studies could incorporate objective performance measures or supervisor evaluations to validate the findings. Third, this study focuses solely on SOEs, which may limit the generalizability of the results to private sector organizations. Future research could compare the impact of these variables across different industries and organizational types to gain a more comprehensive understanding of their effects.

CONCLUSION

This study has provided empirical evidence on the significant influence of talent management, employee engagement, and leadership style on the performance of State-Owned Enterprises (SOEs). The findings highlight that employee engagement is the most influential factor in driving organizational performance, followed by talent management and leadership style. These results emphasize the critical role of human resource practices and effective leadership in ensuring the long-term success and sustainability of SOEs. From a practical perspective, the study underscores the need for SOEs to invest in employee engagement initiatives, strategic talent management, and transformational leadership development. By fostering a work environment that promotes motivation, skill development, and visionary leadership, SOEs can enhance their operational efficiency and competitive advantage. The study also contributes to existing theoretical frameworks by reinforcing the Resource-Based

View (RBV) and Job Demands-Resources (JD-R) model, demonstrating that human capital and supportive work environments are essential drivers of organizational success. However, the research is not without limitations, including its cross-sectional design and reliance on self-reported data. Future research should consider longitudinal approaches and incorporate objective performance measures to validate and extend these findings.

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