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**Talent Management Practices and Employee Performance in the Nepalese
Banking Sector: The Mediating Role of Employee Engagement**

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Abstract

This study aims to examine the influence of talent management on employee performance with employee engagement serving as a mediating variable in commercial banks of Nepal. The research adopted causal comparative research design. Data were collected through structured questionnaires distributed to 300 employees selected using purposive sampling with the criterion of having at least one year of work experience and employees working in private, public and joint venture bank. Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM). The findings reveal that talent management has a significant positive effect on employee performance, both directly and indirectly through employee engagement. These results indicate that the integrated implementation of talent management, employee engagement plays a vital role in enhancing employee performance. This study provides valuable practical implications for organizations seeking to improve performance through strategic human resource management practices.

Keywords: employee engagement, employee performance, human resources, talent management

1. Introduction

Human resources have emerged as a major source of sustainable competitive advantage in today's highly competitive global business environment. Organizations recognized that financial and technological resources are not sufficient without effective management of talent. Talent management has become a vital strategy of Human Resource Management (HRM) that focus on the attraction, development, engagement, and retention of high-potential employees who contribute significantly to organizational success (Kehinde, 2012; Collings & Mellahi, 2009). Talent is most essential than financial capital in dynamic markets that represents individuals who deliver extraordinary performance or possess strong future potential. The scenario makes talent management essential for long-term organizational sustainability (Berger, 2004; Nafei, 2015).

Talent management is a set of combined human resource practices that includes recruitment, training and development, succession planning, performance management, and retention strategies to achieve organizational objectives (Armstrong & Taylor, 2020). Beyond administrative HR functions, Effective talent management fosters supportive work environments through recognition, career growth opportunities, competitive compensation, and work life balance, rather than administrative HR function, which enhance employee motivation and commitment (Afriyani et al., 2024; Riswanto et al., 2023). In practice, this suggests that talent management is not merely a support function but a strategic mechanism through which employees actively refine their competencies in response to organizational change. (Abdullahi., 2020).

Employee performance refers to the degree to which employees actually attain the work outcomes relative in comparison to predefined standards. This is one of the most important factor for organizational effectiveness, especially in service-oriented industries (Dessler, 2019). Strategic talent management has become a driver of improved performance However, the manner in which it actually influences employees has become a subject of debate, especially in emerging and least developed countries with talent shortages, high turnover rates, and dynamic environments (Collings & Mellahi, 2009). Employee engagement refers to a positive psychological state characterized by enthusiasm, dedication, and active involvement in work. This has become a mean to strengthens the impact of talent management practices on productivity, commitment, and retention (Schaufeli & Bakker, 2004; Saks, 2019; Febriana, 2023).

These changes are particularly applicable within the Nepalese banking sector. The industry has experienced significant growth over the past two and a half decades and has become a foundation of national economic development (Thapa, 2020). As it is knowledge-intensive and service sector, banking industry in Nepal largely depends on employees' skills, competencies, and engagement levels among globalization, technological advancement, and demographic change (Masum et al., 2016; Aktar & Pangil, 2018). Despite increased growth and investment in training, Nepalese banks still face challenges related to talent retention, its utilization, and employee engagement [Ramadhan & Sembiring, 2018], which may delay sustained performance improvement.

Most of the empirical studies comes from developed countries as well as emerging markets such as India and China (McDonnell et al., 2017). There is lack of empirical research examining the impact of talent management practices on employee performance with employee engagement as a mediating variable in least-developed countries like Nepal, particularly within the banking sector (Gautam, 2023). Addressing this gap, the study aims to analyze the impact of talent management practices on employee performance, with employee engagement as the mediator in the context of the Nepalese banking sector.

2. Literature Review

2.1 Talent Management Practices and Employee Performance

Talent has arisen as an important strategic resource for organizational success in the 21st century, which is characterized by swift environmental change and powerful competition, (Almaaitah et al., 2020). Talent is defined as inherent and developed capabilities of an individuals, which includes skills, knowledge, experience, intelligence, attitude, and the ability to learn and grow, which enables effective contribution toward organizational objectives (Nafei, 2015; Sheehan et al., 2018). In this context, Talent Management Practices are viewed as a combined set of strategic human resource activities that includes talent attraction, talent development, and talent retention which is designed to ensure the continuous supply of qualified human resource which is capable to meet present and future organizational demands (Cheese et al., 2007; Sonnenberg et al., 2014).

Existing literature shows that Talent management practices have a significant positive influence on employee performance which enhances employee competencies, motivation, and encourages discretionary effort (Bjorkman et al.,

2013). Evidences suggest that employees who are categorized as talent perform better than other employees because they utilize skill more effectively, which motivates them to perform according to their performance expectation (Luna-Arocas & Morley, 2015). Moreover, Talent management practices have direct effect on employee performance through performance management systems and indirectly by improvements in HR practices which align human capital with organizational strategy (Collings & Mellahi, 2009). The impact of TMP on employee performance has been tested in various studies, which have concluded that a significant positive relation exists between the two, thus supporting the fact that talent management practices have a positive impact on individual performance (Abdullahi, 2020; Mensah & Bawole, 2018). The empirical evidence in the Nepalese context supports this association, however the strength of the relationship may differ across different organizational context.. A substantial body of literature has established the positive link between talent management practices and employee engagement in various contexts (Bhatnagar, 2007; Hughes & Rog, 2008; Pandita & Ray, 2018; Yuniati et al., 2021). This link is also evident in the Nepalese banking sector, where talent management plays a critical role in boosting employee engagement (Gautam, 2023; Shrestha, 2024; Gautam, 2025).

As seen from the above literature, talent management activities such as talent attraction, development, and retention have been found to play an important role in enhancing the knowledge, skills, and motivation of the employees in the organization. When the organization focuses more on the development and growth of the talented employees in the organization and gives opportunities for the growth and development of the employees, the employees become more capable and motivated to perform their job responsibilities effectively. The previous empirical studies have proved that there is a positive correlation between talent management activities and employee performance in the organization (Bjorkman et al., 2013; Collings & Mellahi, 2009; Abdullahi, 2020; Mensah & Bawole, 2018). Hence, it can be argued that talent management activities have the potential to positively influence employee performance in the organization. Based on the above argument, the following hypothesis can be formulated.

H1: Talent management practices significantly affect employee performance.

2.2 Talent Management Practices and Employee Engagement

Employee engagement represents the emotional, cognitive, and behavioral involvement of employees in their work roles and organizational activities (Ayub, 2017). It is commonly characterized by vigor, dedication, and absorption, showing a persistent and positive psychological state rather than situational factors

(Schaufeli et al., 2002). From previous literature, it has been found that employee engagement is strongly influenced by talent management practices, as employees feel more cared in their welfare, skill development, and career progression (Chou, 2012; Lockwood, 2006).

Talent management has become a strategic tool for communicate expectations, develop employee capabilities, and foster innovation and creativity, increasing engagement levels (Hoglund, 2012; O'Neil, 2016). Talent management practices like talent attraction, development, and retention align individual goals with organizational goals to enhance commitment and psychological attachment. The empirical evidence from various studies confirms the positive association between talent management practices and employee engagement (Bhatnagar, 2007; Hughes & Rog, 2008; Pandita & Ray, 2018; Yuniati et al., 2021). Evidence from the Nepalese context also indicates a similar relationship. A study conducted in Nepalese commercial banks revealed that talent attraction, talent development, and talent retention have significant positive effects on employee engagement, suggesting that employees who perceive strong talent management practices demonstrate higher levels of vigor, dedication, and absorption in their work (Gautam, 2023). Moreover, Bethke-Langenegger et al. (2011) suggest that talent management enhances organization's effectiveness through the enhancement of key HR outcomes such as engagement.

According to the above discussion, it is found that the role of talent management practices like attraction, development, and retention is significant in building employees' psychological attachment to the work. If employees perceive the organization's support for career growth, skill development, and retention, they may show higher levels of engagement to the work. The previous empirical studies on the topic have found the same results; it is found that effective talent management practices improve employees' engagement significantly by building employees' emotional attachment to the work (Bhatnagar, 2007; Hughes & Rog, 2008; Pandita & Ray, 2018; Yuniati et al., 2021). Hence, it is expected that the organizations with effective talent management practices may show higher levels of employee engagement. Based on the above discussion, the following hypothesis is proposed.

H2: Talent management practices significantly affect employee engagement.

2.3 Employee Engagement and Employee Performance

Employee engagement has been identified as a vital factor influencing the employee performance and overall organizational effectiveness. Engaged

employees are more motivated, committed, and perform with additional effort, which increases organizational outcomes (Christian et al., 2011; Kanten & Sadullah, 2012). According to Demerouti and Cropanzano (2010) engagement benefits for both employees and employers, since engaged employees are more likely to identify opportunities for productivity improvement and job effectiveness.

The empirical findings have supported that engaged employees perform better because of their stronger emotional attachment, sense of responsibility, and compatible with organizational objectives (Anitha, 2014). Additionally, engagement encourages positive attitudes toward the organization that motivates employees to work with greater effort and helps in achieving high performance standards (Kahn, 1990; Ashforth & Humphrey, 1995). In the context of service and knowledge driven sectors, where Employee effort and behavior directly affect outcomes, the literature strongly supports a positive and significant relationship between employee engagement and employee performance.

Empirical evidence indicates, employee engagement is a vital factor that drives employee performance because it is a measure of employees' emotional, cognitive, and behavioral involvement in their work roles. Engaged employees are those who are motivated and willing to exert discretionary effort to perform their jobs, and such a factor is a direct driver of employee performance because it is a measure of job performance and organizational success (Christian et al., 2011; Anitha, 2014; Kahn, 1990; Ashforth & Humphrey, 1995). As a result, it is clear that a high level of employee engagement is likely to result in a high level of employee performance. Based on the above analysis, the following hypothesis is proposed.

H3: Employee engagement significantly affects employee performance.

2.4 Mediating Role of Employee Engagement between Talent Management Practices and Employee Performance

Recent studies have increasingly positioned employee engagement as an important mediating variable through which talent management practices have an influence on employee performance. Talent management have to be integrated across human resource functions to ensure that employees who have appropriate skills and potential are committed to the organization (Ali et al., 2019; Ifeoma et al., 2015). Despite Talent management practices have directly influence on employee performance, many scholars have argued that its effectiveness is highly enhanced when employees are psychologically engaged in their work roles (Karatepe, 2013).

Social exchange theory suggests us that workers will repay the organization's investment in them in the form of increased levels of worker engagement, loyalty, and performance (Schaufeli & Bakker, 2004). Empirical studies have shown that there is positive relationships between talent management practices and employee engagement (Albrecht et al., 2015; Nuhun et al., 2023), as well as between employee engagement and employee performance (Almaaitah et al., 2020). Additionally, the empirical research conducted by Sarangal et al. (2020) has confirm that employee engagement significantly mediates the relationship between talent management practices and employee performance. These findings show that progressive talent attraction, development, and retention practices will increase employee engagement, which will increase the level of employee performance.

Based on the above discussion, it can be inferred that employee engagement acts as a significant mediator through which talent management practices affect employee performance. When organizations engage in talent management activities like talent attraction, development, and retention, employees recognize the organization's dedication to their development and well-being. According to the social exchange theory, these investments by the organization are reciprocated by the employees through their engagement, which eventually improves their performance, dedication, and commitment (Schaufeli & Bakker, 2004; Karatepe, 2013). Empirical support for the proposed model has been obtained through several studies, where it has been found that the relationship between talent management practices and employee performance is positively mediated by high levels of employee engagement (Albrecht et al., 2015; Sarangal et al., 2020; Nuhun et al., 2023). Hence, it is hypothesized that.

H4: Employee engagement mediates the relationship between talent management practices (talent attraction, talent development, and talent retention) and employee performance.

3. Research Methodology

Causal modeling approach using PLS-SEM was used to analyze the impact of talent management on employee performance with the mediating role of employee engagement. 300 respondents were chosen from the employees working in the commercial banks of Nepal using purposive sampling method to ensure proper representation of employees from various commercial banks including private, public and joint venture banks. This design is appropriate in this study because it focused on ensuring that all the employees had at least a year of work experience, thereby having enough exposure to assess the level of talent management and engagement. Primary data were collected through

distribution of a 5 point likert scale questionnaire to the employees using the drop-and-pick method. The questionnaire items were adopted from previously validated scales (Schaufeli & Bakker, 2004). Before distributing the questionnaires permissions from selected institutions has been obtained then after getting permission, questionnaires were distributed, and guidance was provided to the respondents if needed. Data analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method.

4. Results

Demographic Profile of the respondents

Table 1

Respondent's Profile

Gender	Frequency	Percent
Female	119	39.7
Male	181	60.3
Bank Type		
Private	165	55
Public	45	15
Joint venture	90	30
Age group		
Below 30 years	149	49.7
30-40 years	139	46.3
40-50 years	9	3.0
Above 50 years	3	1.0
Educational Qualification		
Bachelor's Degree	101	33.7
Master's Degree	197	65.7

M.Phil.	2	0.6
Designations		
Junior Officer	175	58.3
Officer	47	15.7
Manager	78	26
Salary Range		
Below NRs.25000	23	7.7
NRs.25001-NRs45000	134	44.7
NRs.45001-NRs.65000	98	32.6
Above NRs.65000	45	15
Total	300	100%

The study surveyed 300 employees from Nepalese commercial banks. By type of bank, respondents were 55% from private banks, 30% from joint ventures, and 15% from public banks. The respondents were mostly male employees (60.3%), and a young workforce, with approximately 96% below 40 years of age. Majority respondents held a Master's degree (65.7%), while 33.7% had a bachelor's degree. Similarly in positions, most respondents were junior officers (58.3%), followed by managers (26%) and officers (15.7%). Salary-wise, nearly half of the respondent earned NRs. 25,001–45,000 (44.7%), and around 32.6% earned NRs. 45,001–65,000, showing the typical income distribution in Nepalese commercial banks.

Structural Equation Modeling

This section shows the findings of the study examining the relationship between talent management and employee performance, with employee engagement as a mediating variable. Structural Equation Modeling (SEM) was used to analyze both direct and indirect relationships among the variables. The results address the research questions and provide practical implications for human resource management in Nepal's banking sector.

Figure 1

CFA Model

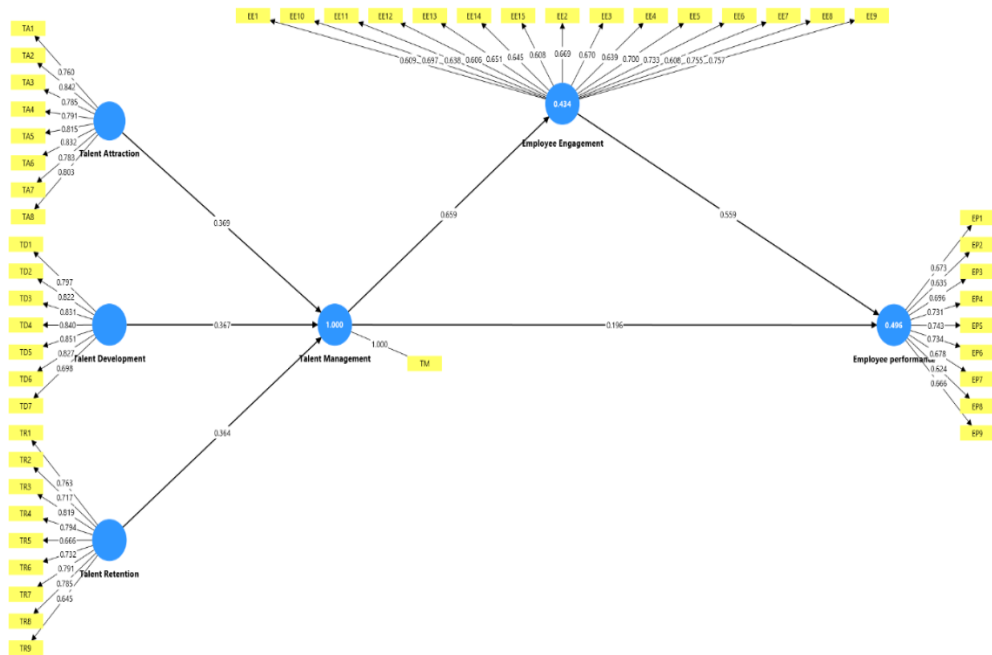


Figure 1 presents the full model loading factors of the study. It shows the relationships between latent variables and their corresponding indicators. The model consists of three primary latent constructs: Talent Management (TM), Employee Engagement (EE), and Employee Performance (EP). They are measured using multiple observed indicators.

Table 2

Validity and Reliability Test

Indicator s	Variables	Employee Engagemen t	AVE	Cronbac h Alpha	Composite reliability (rho_a)
EE1	Employee Engagement (EE)	0.609	0.646	0.91	0.923
EE2		0.669			
EE3		0.67			

EE4		0.639			
EE5		0.7			
EE6		0.733			
EE7		0.608			
EE8		0.755			
EE9		0.757			
EE10		0.697			
EE11		0.638			
EE12		0.606			
EE13		0.651			
EE14		0.645			
EE15		0.608			
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EP1		0.673			
EP2		0.635			
EP3		0.696			
EP4		0.731			
EP5	Employee Performance (EP)	0.743	0.67 3	0.861	0.89
EP6		0.734			
EP7		0.678			
EP8		0.624			
EP9		0.666			
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TA1	Talent Attraction	0.760	0.64 3	0.92	0.935
TA2		0.842			
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TA3	(TA)	0.785			
TA4		0.791			
TA5		0.815			
TA6		0.832			
TA7		0.783			
TA8		0.803			
TD1		0.797			
TD2		0.822			
TD3		0.831			
TD4	Talent Developmen t (TD)	0.840	0.65 8	0.912	0.931
TD5		0.851			
TD6		0.827			
TD7		0.698			
TR1		0.763			
TR2		0.717			
TR3		0.819			
TR4		0.794			
TR5	Talent Retention (TR)	0.666	0.55 9	0.9	0.919
TR6		0.732			
TR7		0.791			
TR8		0.785			
TR9		0.645			

Validity and reliability test results illustrated in Table 2 explains that the measurement model applied in this study has optimal validity and reliability. Since all indicators have outer loading values more than the threshold of 0.60, it states that there is strong convergent validity and significant support for each indicator to measure the latent variable. The Average Variance Extracted (AVE) values for the constructs of Employee engagement (EE= 0.646), Employee Performance (EP = 0.673), Talent Attraction (TA = 0.643), Talent Development (TD = 0.658), and Talent Retention (TR = 0.559) are all above 0.50. This explains that more than 50% of the indicator variance can be explained by their respective latent constructs confirming the model's convergent validity. From the reliability analysis, the Cronbach's alpha values of Engagement (EE=0.91), Employee Performance (EP=0.861), Talent Attraction (TA=0.92), Talent Development (TD=0.912), and Talent Retention (TR=0.9) are above 0.70, which asserts that there is internal consistency for the study. In addition, since its respective Composite Reliability for Employee Engagement (EE=0.923), Employee Performance (EP=0.89), Talent Attraction (TA=0.935), Talent Development (TD=0.931), and Talent Retention (TR=0.919) are above 0.70, this explains that there is high reliability and optimal internal consistency for this study. Thus, the results demonstrate that the measurement model has adequate validity and reliability to use in supplementary structural analysis, thus providing a strong foundation for scientifically and in-depth examination of the relationships between variables in this study.

Table 3

Correlations

	Employee Engagement	Employee performance	Talent Management
Employee Engagement	1.000		
Employee performance	0.688	1.000	
Talent management	0.659	0.564	1.000

The above correlation table no. 3 shows the correlation coefficients between talent management, employee engagement, and employee performance. It explains that there is positive relationship between employee engagement and employee performance (r = 0.688), which means higher levels of engagement result in improved performance. In the same way, Talent management is also positively

correlated with employee engagement ($r = 0.659$), which means that effective talent management practices increase employees' psychological involvement in their work. Additionally, talent management shows a moderate positive correlation with employee performance ($r = 0.564$), which means that talent management practices is related with better performance.

Table 4

Discriminant validity - Heterotrait-monotrait ratio (HTMT)

	Employee Engagement	Employee performance	Talent Management
Employee Engagement			
Employee performance	0.765		
Talent Management	0.686	0.599	

Based on Table 4, Heterotrait Monotrait Ratio (HTMT) shows that all pairs of constructs in this study have HTMT values below the threshold of 0.85, thus meeting the criteria for discriminant validity. The HTMT value between Employee Engagement and Employee Performance is 0.765, indicating a strong relationship but still within acceptable limits to differentiate the two constructs. The relationship between Employee Engagement and Talent Management has a value of 0.686, while Talent management with Employee performance is 0.599. All these values confirm that each construct in this study is measured uniquely and does not experience excessive conceptual overlap, so it is suitable for further structural analysis in testing the mediating role of Employee engagement on the influence of talent management on employee performance.

Table 5

Multicollinearity Testing

	VIF
Employee Engagement -> Employee performance	1.767
Talent Management -> Employee Engagement	1

Talent Management -> Employee performance	1.767
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Based on the multicollinearity test results in Table 5, all Variance Inflation Factor (VIF) values range from 1 to 1.767, well below the general threshold of 3. This indicates that there is no multicollinearity problem among the independent variables in the research model. In other words, employee engagement, and talent management do not have a high correlation with each other, so each variable can provide a unique explanatory contribution to the dependent variable. This condition explains that the regression coefficient estimates are stable, valid, and can be interpreted to test causal relationships in the research model.

Table 6

R Square

	R-square	R-square adjusted
Employee Engagement	0.434	0.432
Employee performance	0.496	0.492

Based on Table 6, the R-Square value for the Employee engagement variable is 0.434, meaning that 43.4% of employee engagement variability can be explained by the independent variables in this study. Meanwhile, the Adjusted R-Square value of 0.432 indicates an adjustment to the number of predictor variables used in the model, thus avoiding potential overestimation. This value indicates that the model has moderate predictive ability in explaining changes in employee engagement. For the Employee performance variable, the R-Square value of 0.496 indicates that 49.6% of the variability in employee performance can be explained by the talent management variables. The Adjusted R-Square value of 0.492 indicating a substantial relationship. These results confirm that although most of the variation in employee performance can be explained by the model, there are still other factors outside the model that also influence performance and talent management, thus providing opportunities for further research.

Table 7

F Square

	F-Square
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Employee Engagement -> Employee performance	0.351
Talent Management -> Employee Engagement	0.767
Talent Management -> Employee performance	0.043

The F-square (f^2) values represents the effect size of each structural relation in the model. The relationship between employee engagement and employee performance has a large effect ($f^2 = 0.351$), showing that employee engagement plays a significant role in enhancing employee performance. Talent management demonstrate a large effect on employee engagement ($f^2 = 0.767$), which reveals the importance of talent management in the development of employee engagement. However, the small direct effect of talent management on employee performance ($f^2 = 0.043$), which reveals that talent management influences performance mainly through employee engagement rather than directly. Together, these results provides evidence in favour of mediating role of employee engagement and the importance of engagement-based talent management practices in the Nepalese banking industry.

Table 8

Path Coefficients

Direct Influence					
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Employee Engagement -> Employee performance	0.559	0.565	0.053	10.646	0.000
Talent Management -> Employee Engagement	0.659	0.659	0.039	16.701	0.000
Talent Management -> Employee performance	0.196	0.193	0.059	3.3	0.001
Indirect Influence					

Talent Management - > Employee Engagement -> Employee performance	0.368	0.372	0.04	9.223	0.000
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The above table illustrates the results of direct and indirect effect established in the structural model. From this table, this indicates that there is strong and significant influence of employee engagement on employee performance ($\beta = 0.559$, $t = 10.646$, $p < 0.001$), which means higher employee engagement leads to better employee performance. Talent management also has a strong and significant influence on employee engagement in positive manner ($\beta = 0.659$, $t = 16.701$, $p < 0.001$), which means effective talent management practices greatly enhance employee engagement. In addition, talent management has a positive and significant direct effect on employee performance ($\beta = 0.196$, $t = 3.300$, $p = 0.001$). However, this influence is comparatively weak than the effect through engagement. The indirect influence of talent management on employee performance through employee engagement is strong and significant ($\beta = 0.368$, $t = 9.223$, $p < 0.001$), which confirms that employee engagement plays a mediating role in the relationship between talent management and employee performance. Overall, the findings indicate that talent management improves employee performance both directly and indirectly, with employee engagement as a mediator between this relation.

5. Discussion

Firstly, the result confirms that there is a positive and significant direct effect of talent management practices on employee performance. However, the relatively weak magnitude of effect suggest that talent management alone might not be sufficient to improve employee performance unless it enhances employees’ psychological and emotional connection to their work. The result is consistent with Collings and Mellahi (2009), who propose that talent management contributes to employee performance not only through structural HR systems but also through psychological effect on employee attitudes and behaviors.

Secondly, the findings of this study provide strong support for the hypothesized relationships between talent management practices, employee engagement, and employee performance in Nepalese banking sector. First, the results indicate talent management practices positively impact employee engagement. This finding is consistent with prior studies (Bhatnagar, 2007; Hughes & Rog, 2008; Pandita &

Ray, 2018; Yuniati et al., 2021), that highlights effective talent attraction, development, and retention practices boost employees' psychological attachment, motivation, and engagement. More the employees perceive that organizations invest in their growth and career progression, they result to higher levels of engagement, consistent with social exchange theory (Schaufeli & Bakker, 2004).

Thirdly, the study clearly shows a strong and significant influence of employee engagement on employee performance. The result is consistent with the previous studies that proved employees who are engaged in the organization exhibit high levels of energy and commitment (Anitha, 2014; Christian et al., 2011; Kanten & Sadullah, 2012). The result suggests that service sectors like banking where the employee behaviour directly affects customer satisfaction, engagement plays an important role in translating individual effort to measureable outcome.

Most importantly, the study establishes that employee engagement has significant mediating effect on the relationship between talent management practices and employee performance. The strong indirect effect reveals that talent management has a positive influence on employee performance by increasing the engagement levels. Thus, the effect of talent management initiatives on performance does not occur independently. The initial benefit of such practices is in changing an employee's level of engagement, excitement and/or dedication for that organization. As those psychological changes occur, employees will put in more effort and, as a result, be more productive in their roles. This finding is consistent with previous studies (Almaaitah et al., 2020; Sarangal et al., 2020), which explains employee engagement as a crucial explanatory role in the relationship between human resource practices and performance outcomes. The mediated result supports the argument that organizations achieve the best performance outcomes from talent management practices if employees are emotionally and cognitively engaged at the workplace.

Overall, the findings suggest that talent management practices are more effective if designed in a strategic manner to enhance employee engagement, which in turn leads to improved employee performance. This implies that talent identification, development or retention is not an adequate strategy but only integrated talent management systems that actively promote engagement are essential for sustained level of high performance.

6. Conclusion

Talent management has been recognized as a promising approach since its development as a new management approach. The findings show that talent

management has direct and indirect effect on employee performance through mediation of employee engagement. Talent management practices helps to identify, develop, position and retain high-potential employees so that they can give their best performance to the organization. Similarly, the results also demonstrate that employee engagement plays the mediating role between talent management and employee performance. These three combinations generate synergetic effect to increase organizational productivity, innovation, and long term effectiveness. So banking industry should focus on robust talent management system, stronger engagement to sustain higher performances in competitive environment.

The results of this study have important implications for the management of commercial banks in Nepal. Firstly, bank leaders need to enhance talent management practices to improve employee performance and reduce negative workplace behaviors, especially in a competitive environment and regulatory pressure. Secondly, effective talent management practices can build employee engagement by fostering fairness, career growth opportunities, and recognition, which are crucial for motivating bank employees. Finally, since employee engagement is a mediator between the relationship between talent management and employee performance. Nepalese banks should focus on talent management practices which build engagement and enable banks improve service quality, and increase operational efficiency.

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