

# Talent Management Practices and Employee Performance: Mediation role of Employee Engagement

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## ABSTRACT

This study examines the effect of talent management practices on the employee performance of the commercial banks of Nepal. The author examines the mediating effect of employee engagement on the relationship between talent management practices and employee performance. A stratified simple random sampling technique was employed to enable select the respondents from the three strata and data were collected from 300 employees working in Nepalese commercial banks. A structured questionnaire containing standard scales of talent management practices, employee engagement, employee performance, and some demographic variables was used. Harman's one-factor test was conducted to test the common method biased. Confirmatory factor analysis (CFA), and structural equation modeling approach were used to analyze mediating effect. Three factors, namely talent attraction, talent development, and talent retention were identified as the talent management practices in Nepalese commercial banks, predicting the positive relationship of talent management practice to employee performance. Employee engagement mediates the relationship between talent management practices and employee performance. This study contributes to the resource-based views and social exchange theory and attempts to fulfill the gap in empirical research on personal psychology, human capital/ and organizational management in developing countries.

**Keywords :** Talent attraction, Talent development, Talent retention, Employee engagement, Employee performance

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## 1. INTRODUCTION

The concept of talent management practices (TMP) and their influence on employee performance (EP) has received substantial attention in human resource management literature. The emerging consensus seems to be that conversion of TMP into superior firm performance depends on the context in which a firm operates so there is a need to elaborate on various contingencies of talent management practice – performance relationship. As far as external context is concerned, Talent management has been widely studied in mature economies such as the United Kingdom, the United States, Australia, the Netherlands, Belgium, and Ireland. India and China have received more attention from the Asian context, although there were also studies from Lebanon, Iran, Jordan, Saudi Arabia, and Thailand. The majority of researchers on TMP and performance linkage have focused on the manufacturing and service sector in the western context with a few cases in emerging markets such as China and India. This study might give insight into the relationship between TMP and EP with mediating role of employee engagement (EE) in the context of a least-developed country like Nepal, especially in the banking service sector.

During the last two and half decades, the Nepalese banking industry has grown significantly and created a new landscape to contribute significantly national economy (Thapa, 2021). It has reshaped the operation model of business and economic growth of the nation. The banking sector is highly service-oriented; the performance of the banks depends on physical resources as well as employees' quality and competencies level (Masum et al., 2016). In addition, this industry is highly knowledge-based, and the ultimate organizational performance of the banks is dependent on EP (Aktar & Pangil, 2018). It has changed the nation's operating model of business and economic growth. Nepal's banking sector has been doing well lately based on quantitative parameters; When it comes to talent issues, this sector needs to be significantly improved to meet global standards.

Collings and Mellahi (2009) argue that effective talent management has an indirect positive link to EP mediated by work motivation, EE, and extra-role behavior. These aspects have a positive effect on individual performance. To improve an organization's performance, the organization needs to focus on individual performance by increasing motivation, engagement, and out-of-role behavior (Collings & Mellahi, 2009). Numerous studies have been conducted about the relationship between EP and management of talents, EE, and EP, and talent management and EE separately. But most of them (McDonnell, Collings, Mellahi, & Schuler, 2017) remain focused on the developed countries. Though there is an increasing interest of researchers in TMP in India in particular, and to some extent, Bangladesh and Pakistan. Therefore, there exists substantial scope for doing more research on the countries of South Asia (Ali & Guha, 2019). However, there is a lack of empirical studies that examine the impact of TMP on EP with the mediating role of EE in underdeveloped countries like Nepal. To fill this gap and to further examine the existence of such a relationship, it is important to research Nepalese contexts.

## 2. LITERATURE REVIEW AND HYPOTHESIS

### 2.1 Talent Management Practices and Employee Performance

TMP focuses on talented people based on the philosophy of human resource strategy, policies, and practices (Sonnenberg et al., 2014). Although talent management is very challenging for an organization, it is directly associated with the overall performance of the organization (Dries et al., 2012). TMP aims to systematically improve EP by managing individual and group performance (Armstrong, 2006). Previous studies show that Talent Attraction, Talent Development, and Talent Retention are the most focused practices of TMP in Human Resource Management literature (Tunnissen et al., 2013).

TMP was found to have a significant positive relationship with employee outcomes. Previous studies show that EP is the most studied employee outcome which has a positive association with TMP. Luna- Arocas and Morley (2015) confirmed that there is a statistically significant relationship between TMP and Job performance. In a similar vein, other researchers have found that talented employees demonstrate high work effort leading to high performance than those who were not identified as such (Bjorkman et al., 2013).

McCauley and Wakefield (2006) claim that talent management has an indirect positive effect on organizational performance by enhancing human resources practices. On the other hand, Collings and Mellahi (2009) and Lewis and Heckman (2006) argue that talent management has a direct effect on enhancing overall organizational performance. Abdullahi et al., (2022) studied the relationship between talent management and EP in a different context and found an empirically significant relationship among study variables. Based on the empirical evidence, it has been concluded that talent management has a relationship with EP.

$H_1$ : *There is a significant impact of talent management on EP.*

$H_{1,1}$ : *Employee performance is influenced by talent attraction.*

$H_{1,2}$ : *Employee performance is influenced by talent development.*

$H_{1,3}$ : *Employee performance is influenced by talent retention.*

### 2.2 Talent Management Practices and Employee Engagement

TM research has widely focused on the financial aspect of work, intending to maximize shareholder wealth (Colling, 2014). This has led to a partial understanding of TMP consequently researchers have failed to consider the non-financial value or the interest of the HRM outcomes. Several practitioners and academics have advanced theories and concepts in their quest to investigate and establish a synergy between TMP and organizational performance. TM research has largely focused on the economic aspect of work, intending to maximize shareholder wealth (Collings, 2014). Therefore, the more that companies take into account employees' objectives, the more committed employees will be and the more they will contribute to the organization (Collings, 2014). Consequently, several other authors have conceptualized and empirically established positive relationships between single or interrelated sets of TMP and EE (Bhatnagar, 2007; Hughes & Rogs, 2008; Pandita & Ray, 2018; Yuniati et al., 2021). This is consistent with the arguments of Bethke-Langenegger et al., (2011) who deliberated that TMP improves the performance of organizations by contributing to human resource outcomes like EE.

*H<sub>2</sub>: There is a significant impact of TMP on employee engagement.*

*H<sub>2,1</sub>: There is a significant impact of Talent Attraction on Employee Engagement.*

*H<sub>2,2</sub>: There is a significant impact on Talent Development on Employee Engagement.*

*H<sub>2,3</sub>: There is a significant impact on Talent Retention on Employee Engagement.*

### **2.3 Employee Engagement and Employee Performance**

The use of performance management as a management tool is crucial to sustaining harmony and fostering organizational development (Kamoche, 2001). To improve organizational performance and effectiveness, personnel performance must be better managed (Stanton & Nankervis, 2011; Stanton & Pham, 2014). Past studies established the relationship between EE and EP (Christian et al., 2011; Kanten & Sadullah, 2012). EE with the company, according to Demerouti and Cropanzano (2010), not only benefits the employer but also the employee. Employees are more likely to want to find ways to be more productive when they have a connection to the organization. When comparing the performance of engaged versus disengaged employees, engaged employees always outperform the latter. This suggests that the engagement has something to do with EP. Consequently, EE will have a favorable effect on EP (Anitha, 2014). Employees that are highly engaged with their employers are more likely to have positive opinions of the company as well as pleasant feelings. This will motivate them to put in more effort to do an excellent job (Ashforth & Humphrey, 1995; Kahn, 1990).

*H<sub>3</sub>: There is a significant impact of Employee Engagement on employee performance.*

### **2.4 Relationship between Talent Management and Employee Performance: Mediating Role of Employee Engagement**

Karatepe (2013) suggests that EE is a motivating force to improve the performance of employees. More precisely, many researchers have established the relationship between EE and EP. On the other hand, studies also established the relationship between EE and TMP and also claim that EE is an outcome of TMP. Based on social exchange theory employees with high levels of engagement are much more apt to be in such loyal, trustworthy, reliable, and committed behavior: consequently, when the organization implements TMP such as talent attraction, talent development, and talent retention, the employee will be much more concern with their jobs and that will result in improve positive EP (Schaufelli & Bakker, 2004).

Literature has pointed out that there is a positive relationship between talent management and EP on the one hand (Abdullahi et al., 2022; Mensah, 2018; Luna-Arocas et al., 2020; Pawan & Said, 2020), and between EE and EP, on the other (Andrew, 2017; Almaaitah et al., 2020; Sarangal et al., 2020). Consequently, one could argue that the changes in talent management practice would lead to changes in EE and in turn in EP. Almaaitah et al., (2020) and Sarangal et al., (2020) suggested EE has a positive and mediating effect on the relationship between talent management and EP. EE is not only related to TMP but also factors of overall performance. Thus, this study seeks to analyze whether EE mediates the relationship between TMP (talent attraction, talent development, and talent retention) and

EP. From the above literature review and conceptual framework, this study proposed the following hypotheses as follow:

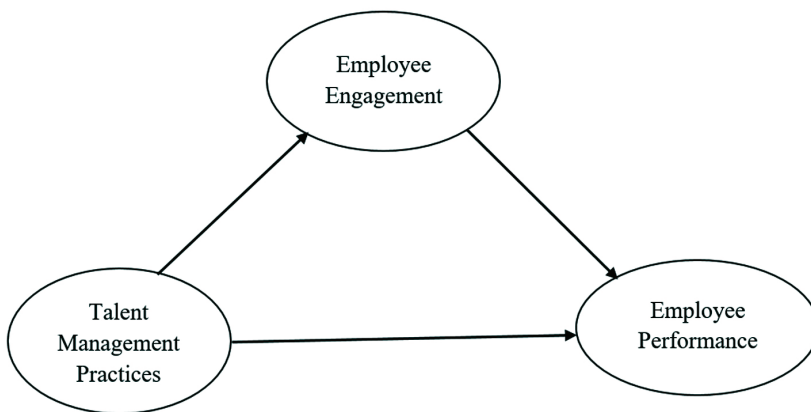
$H_4$ : *Employee Engagement mediates the relationship between talent management practices (talent attraction, talent development, and talent retention) and employee performance.*

## 2.5 Conceptual Framework

This study is based on Social Exchange Theory (SET). A model of the impact of talent management on EP was first introduced by (Colling, & Mellahi, 2009). This model describes investing in strategic talent management systems that deliver performance at the employee and organizational levels. This model recognizes the important role of employee outcomes (EE, commitment motivation, etc.) in the relationship between talent management systems and EP. In addition, the multi-level framework for talent management suggests a link between talent management perspectives and TMP, which influence the outcomes of people, groups, and organizations. (Aljbour, French, & Ali, 2021). After reviewing these theoretical contributions, various concepts focused on explanatory variables, outcome variables, and empirical evidence of related studies are explained and the research framework for this study is presented. Based on these claims, it can be concluded that the research model presented in this study is applicable and that the theories and models used in this study provide a good theoretical basis for this study. Figure 1 shows an operational model linking talent management to EP through EE. The model is adapted from various frameworks (Collings & Mellahi, 2009; Luna-Arocas & Morley, 2015; Mensah, 2015). This framework is a blend of insights from the resource-based views theory and social exchange theory. This review resulted in the development of a measure involving five constructs of the study variables: talent attraction, talent development, talent retention, EE, and EP.

**Figure 1**

*Conceptual Framework*



## 3. METHODOLOGY

### 3.1 Data Collection

This study focuses on collecting data from Nepalese commercial banks. All commercial banks operating in Nepal have been considered as the population of the study. These banks are

classified into three broad categories- government-supported public banks, joint venture banks, and private commercial banks. Therefore, based on the ownership pattern out of 27 commercial banks, only 15 commercial banks are taken as samples comprising 3 public banks, 7 private banks, and 5 joint venture banks having at least an experience of ten- years of operation.

**Table 1**

*Number of respondents selected for the study*

Sample/ Respondents	Public	Private	Joint Venture	Total
No. of Sample bank	3	7	5	15
No of Respondents	60	140	100	300
No of the Questionnaire distributed	80	200	150	450
No of the Response received	60	140	100	300
% of responses	60%	70%	66.67%	66.67%

This study followed the survey method to test the hypotheses. Using the Stratified random sampling technique, the survey instrument was distributed to junior officers, officers, and manager-level employees working in Nepalese commercial banks. Table 1 shows that out of 450 questionnaires, 300 questionnaires yielded a response rate of 66.67 %, which is a response rate considered sufficiently large for statistical reliability and generalizability.

### 3.2 Measurement Instrument

This study consists of three variables with 40 items that make up the study variables; given that, TMP was assessed with three dimensions twenty-two items adapted from Mohammed, (2018) which consist of talent attraction, talent development, and talent retention. EE was measured with nine items adapted from Schaufeli et al., (2006). Similarly, EP was measured with nine items adapted from Pradhan and Jena, (2017). Likewise, all the statements in this study allowed respondents to answer on a six-point Likert scale (1 = strongly disagree, 6 = strongly agree).

### 3.3 Data Analysis

The study used SPSS version 26 and Amos version 24 to analyze collected data. The study intended to assess the level of TMP. For this purpose, mean was used. The related figures had been produced. The ranking had also been made based on mean score calculations. The Cronbach's alpha value has been calculated to analyze the reliability of the data. The Variance Inflation Factor (VIF) had been calculated to test the multicollinearity. Correlation analysis was performed to measure associations between study variables and the multiple linear regression method was used to find out the impact of independent variables on the dependent variable.

## 4. RESULTS

### 4.1 Demographic Profile of Respondents

This paper is based on a questionnaire-based survey, which was carried out by 300 employees working in the banking industry based in Kathmandu valley. Data indicate the involvement of male respondents (63.5%), 30-40 years of age of employees (49.6%), employees working in a private bank (49%), master's degree (59%), Officer Level (50%) in the maximum number within the sample. The detailed demographic profile is presented in table 2.

**Table 2**

*Demographic Profile*

Variables	Frequency	Percentage
<b>Age</b>		
Below 30	89	29.7
30-40	133	44.3
40-50	68	22.7
Above 50	10	3.3
<b>Gender</b>		
Male	208	69.3
Female	92	30.7
<b>Bank Type</b>		
Private	60	20.0
Public	140	46.7
Joint Venture	100	33.3
<b>Educational level</b>		
Bachelor	64	21.3
Master	230	76.7
M.Phil.	6	2.0
<b>Designation</b>		
Junior officer	151	50.3
Officer	82	27.3
Manager	67	22.3

### 4.2 Status of Talent Attraction in Nepal

Table no. 3 shows the talent attraction status measured with eight questions on a six-point Likert scale. As can be seen from Table 3, the general mean of this construct is 4.55, which is greater than the standard mean of 3.5, with high consistency in the answers towards this construct through the value of the standard deviation of 0.83. The relative importance of this construct is that it was the second among the talent management constructs.

**Table 3***Descriptive statistics of talent attraction*

Talent attraction-related item	Mean	S.D.	Rank
My bank has a high ranking which allows it to attract the best professional staff.	4.41	0.82	8
My bank has a good work-life balance to attract talented individuals.	4.53	1.04	6
The Employment Brand is strong and compelling among prospective employees.	4.55	0.83	5
My bank attracts more talented staff by having a high-quality working environment.	4.48	0.75	7
Work-life balance, and social networking activities, are attracting factors for our talented employees.	4.57	0.70	3
My bank attracts more talented employees through high salaries or remuneration.	4.58	0.79	2
My bank has effective recruitment strategies for attracting the professional staff	4.56	0.67	4
My bank ensures a good organizational climate to attract the right talent.	4.74	1.01	1
Overall mean	4.55	0.83	2

This finding reveals that the employees working for the Nepalese commercial banks are having a high level of talent attraction since the overall mean value of the talent attraction construct is 4.55. It clearly shows that the Nepalese commercial bank uses effective and explicit instruction and effective management talent attraction practices at a high level to motivate the employees to commit highly to their betterment and the betterment of the organization.

### 4.3 Status of Talent Development in Nepal

Table 4 shows the talent development status measured with seven questions on a six-point Likert scale.

**Table 4***Descriptive statistics of talent development*

Talent development-related item	Mean	S.D.	RI
My bank has effective talent development strategies aligned with its organizational strategies.	4.33	0.77	6
My bank identifies areas needed for employees' personal development (e.g. skills gap analysis).	4.54	0.92	1
My bank develops succession planning and identifies alternative talented employees for leadership positions.	4.11	0.80	7
Internal job rotation is available to strengthen talented employees' experiences and development in different departments, and divisions.	4.49	0.87	3

My bank supports high-potential employees to become leaders and build a strong talent pool.	4.37	0.72	5
My bank assists leaders to be professionals through career development programs.	4.44	0.88	4
My bank develops professional staff with training and mentoring programs.	4.51	0.89	2
<b>Overall rate</b>	<b>4.40</b>	<b>0.84</b>	<b>3</b>

Table 4 shows the talent development status measured with seven questions on a six-point Likert scale. The table shows that with a 4.54 mean score, the respondents have given first ranking preference to question two. The results indicated that the bank identifies areas needed for employees’ personal development (e.g. skills gap analysis). The second priority was given to banks developing professional staff with training and mentoring programs. Respondents were given third, fourth, fifth, and sixth priority to questions no four, five, and one respectively. The analysis indicates that succession planning has less priority for the employees in the bank. Furthermore, the result shows that the organizational strategy is not aligned with the talent development strategy in the Nepalese bank.

**4.4 Status of Talent Retention in Nepal**

Table 5 shows the talent retention status measured with seven questions on a six-point Likert scale.

**Table 5**  
*Descriptive statistics of talent retention*

Talent retention-related item	Mean	S.D	R I
My bank has a competitive compensation system which is a motivating factor to retain our talented employees.	4.67	0.52	4
My bank promotes equal opportunity to retain its qualified employees.	4.68	0.60	3
My bank accounts for personal factors and life events (e.g. family responsibilities) to promote its talented staff.	4.79	0.49	1
My bank encourages innovative thinking and promotes creative ideas from talented employees.	4.78	0.57	2
There is a supportive learning environment that promotes employee job satisfaction to retain qualified employees.	4.57	0.59	5
My bank keeps employees engaged and motivated to retain talented staff.	4.21	0.85	7
My bank retains its qualified employees by providing them with opportunities to develop their careers.	4.51	0.82	6
<b>Overall rate</b>	<b>4.60</b>	<b>0.64</b>	<b>1</b>

As can be seen from Table 5 above, the general mean of this construct is 4.60, which is greater than the standard mean of 3.5, with high consistency in the answers towards this construct through the value of the standard deviation of 0.64. The relative importance of

this construct was second among the talent management constructs. This finding reveals that the employees working for the Nepalese commercial banks are having a high level of retention since the overall mean value of the talent retention construct is 4.60. It clearly shows that the Nepalese commercial bank uses effective and explicit instruction and effective management practices at a high level to motivate the employees to retain highly for their betterment and the betterment of the organization.

#### 4.5 Status of Employee Engagement

**Table 6**

*Descriptive statistics of EE*

EE related items	Mean	S.D	Rank
At my work, I feel bursting with energy.	4.97	0.94	2
At my job, I feel strong and vigorous.	4.99	1.01	1
When I get up in the morning, I feel like going to work.	4.88	0.92	5
I am enthusiastic about my job.	4.85	0.99	6
My job inspires me.	4.81	0.98	7
I am proud of the work that I do.	4.90	0.89	4
I feel happy when I am working intensely.	4.96	0.79	3
I am immersed in my work.	4.74	0.91	9
I get carried away when I'm working	4.75	0.92	8
Overall rate	4.87	0.93	

As can be seen from Table 6 above, the general mean of this construct is 4.87, which is greater than the standard mean of 3.5, with high consistency in the answers towards this construct through the value of the standard deviation of 0.93. Respondents agreed highly on 'At my job, I feel strong and vigorous. On the other hand, respondents gave less priority to the eighth item 'I am immersed in my work' 4.74. This finding revealed that the employees working for the Nepalese commercial banks are having a high level of engagement since the overall mean value of the engagement construct is 4.87. It clearly shows that the Nepalese commercial bank uses effective and explicit instruction and effective management practices at a high level to motivate the employees to engage highly for their and the organization's betterment.

#### 4.6 Status of Employee Performance

**Table 7**

*Descriptive statistics of EE*

Employee Performance related items	Mean	S.D.	Rank
In my bank, I used to maintain high job standards.	4.93	0.95	5
I can handle my tasks in my bank without much supervision	4.98	0.91	3
I can manage various tasks to achieve my bank goals.	4.98	1.02	2
I perform well to mobilize collective intelligence for team-work in my bank.	4.99	1.00	1

I believe that common understanding in the bank can translate to a feasible solution.	4.86	1.09	7
I am comfortable with my bank’s job flexibility.	4.68	1.12	9
I engage actively in my bank group discussion and job meetings.	4.83	0.94	8
I derive a lot of fulfillment from nurturing others in my bank.	4.95	1.01	4
I share ideas and knowledge with my work colleagues in my bank.	4.91	0.93	6
Overall	4.90	1	

As can be seen from table 7 above, the general mean of this construct is 4.90, which is greater than the standard mean of 3.5, with high consistency in the answers towards this construct through the value of standard deviation 1.0. According to table 7, the highest mean was for the fourth item ‘I perform well to mobilize collective intelligence for teamwork in my bank’ 4.99. In contrast, the least attention of respondents (4.68) was paid to the sixth item ‘I am comfortable with my bank’s job flexibility’.

**4.7 Descriptive Statistics and Correlation Analysis**

The descriptive statistics estimates are provided in Table 8. The results show that each of the constructs is positively and significantly correlated.

**Table 8**

*Mean, Standard Deviation, and Correlation analysis*

	Mean	S.D.	1	2	3	4	5
1. Talent Attraction	4.58	0.95	<b>1</b>				
2. Talent Development	4.66	0.88	.716**	<b>1</b>			
3. Talent retention	4.60	1.00	.688**	.737**	<b>1</b>		
4. Employee Engagement	4.80	0.87	.742**	.724**	.757**	<b>1</b>	
5. Employee performance	4.90	0.83	.721**	.758**	.731**	.755**	<b>1</b>

\*\* Correlation is significant at the 0.01 level (2-tailed).

**4.8 Testing Validity and Reliability of the Measurement Model**

Concerning prior testing of the research hypotheses, there are further tests that should be examined to ensure the validity and reliability of the results. Average Variance Extracted (AVE) and Composite Reliability (CR) are considered common measures for measuring the validity and reliability of the measurement model (Hair et al., 2010).

*Table 9: Construct reliability, average variance extracted, and correlation matrix*

	CR	AVE	Cronbach Alpha	MSV	EE	TA	TD	TR	OP
EE	0.94	0.65	0.943	0.65	<b>0.81</b>				
TA	0.95	0.75	0.943	0.63	0.796	<b>0.87</b>			

TD	0.93	0.73	0.928	0.61	0.757	0.705	<b>0.86</b>
TR	0.95	0.72	0.947	0.65	0.804	0.727	<b>0.85</b>
EP	0.95	0.66	0.94	0.63	0.796	0.718	<b>0.81</b>

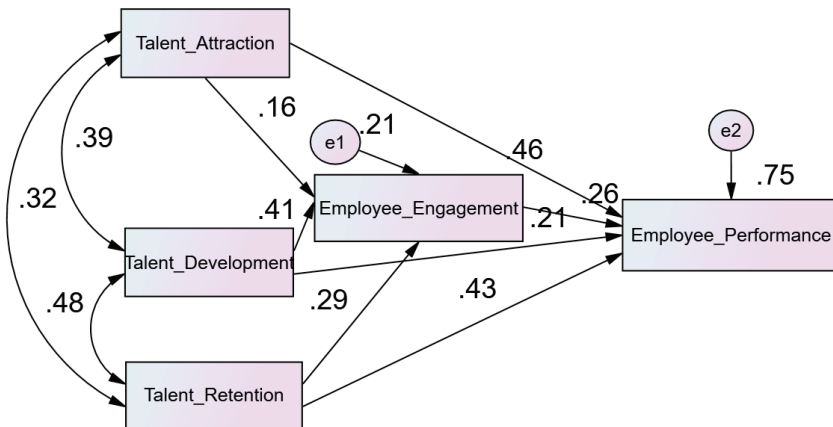
Note: TA= Talent attraction, TD= Talent development, TR= Talent retention

Value on the diagonal of the correlation matrix is a square root of AVI

Table 9 shows the summary of reliability and validity results. To examine the validity and reliability of instruments, both the average variance extracted (AVE) and composite reliability (CR) were used. All constructs exceed the critical levels of 0.50 and 0.70 for AVE and CR respectively. These results confirm the reliability and convergent validity of the constructs and support testing the structural model.

### 4.9 Hypotheses Testing

To examine the research question, a Baron and Kenny mediation analysis is conducted to assess if the mediator mediates the relationship between an independent variable and a dependent variable. To assess for mediation, three regressions have been conducted as shown above. The first regression has an independent variable i.e., TMP (talent attraction, talent development, talent retention) predicting the dependent variable i.e., EP. The second regression has an independent variable i.e. TMP (talent attraction, talent development, talent retention), mediator variable i.e., EE. The third regression has independent variables i.e., TMP (talent attraction, talent development, talent retention), and mediator i.e., EE predicting dependent variables i.e., EP.



**Figure 2**

*Mediation Model Direct and Indirect Effects of TM on EP through EE*

Figure no. 2 represents the path analysis of the structural model. This figure represents the structural model output with standardized estimates. Based on path analysis researchers conclude that talent development has a high impact on EP and talent retention has a

low impact on the dependent variable among the three dimensions of TMP in Nepalese commercial banks.

**Table 10***Direct effect values*

DV	IV	Estimate	S.E.	C.R.	P
EE	<--- Talent Attraction	0.156	0.038	3.334	***
EE	<--- Talent Development	0.406	0.036	8.052	***
EE	<--- Talent Retention	0.287	0.049	5.87	***
EP	<--- Talent Attraction	0.252	0.036	6.491	***
EP	<--- Talent Development	0.311	0.034	5.422	***
EP	<--- Talent Retention	0.507	0.046	14.109	***
EP	<--- Employee Engagement	0.256	0.051	6.449	***

In Table 10, the direct effects indicate that the variable talent attraction, development, and retention were significant predictors of EP ( $\beta = 0.252$ ,  $SE = 0.036$ ,  $P = 0.000$ ), ( $\beta = 0.311$ ,  $SE = 0.033$ ,  $P = 0.000$ ), and ( $\beta = 0.507$ ,  $SE = 0.046$ ,  $P = 0.000$ ) respectively. Other results show that EE has an influence on EP ( $\beta = 0.256$ ,  $SE = 0.051$ ,  $P = 0.000$ ). on another note, a direct influence was found between TMP and EE. More specifically, talent attraction, development, and retention were demonstrated to be a significant predictors of employee engagement ( $\beta = 0.156$ ,  $SE = 0.038$ ,  $P = 0.000$ ), ( $\beta = 0.406$ ,  $SE = 0.033$ ,  $P = 0.000$ ), and ( $\beta = 0.287$ ,  $SE = 0.049$ ,  $P = 0.000$ ) respectively. Hence, the findings of the direct effects lend support to our  $H_1$ - $H_3$ .

To examine the mediating role of EE, the study checked for the indirect effects of TMP on EP through EE.

**Table 11***Indirect Effect: Mediation effect of EE*

DV	MV	IV	Estimate	S.E.	p-value
EP	<--- EE	<--- TA	0.074	0.018	***
EP	<--- EE	<--- TD	0.104	0.022	***
EP	<--- EE	<--- TR	0.04	0.014	***

The results in Table 11 show that there is an indirect effect through engagement between talent attraction, talent development, talent retention, and EP ( $\beta = 0.074$ ,  $SE = 0.018$ ,  $P = 0.000$ ), ( $\beta = 0.104$ ,  $SE = 0.022$ ,  $P = 0.000$ ), and ( $\beta = 0.04$ ,  $SE = 0.014$ ,  $P = 0.000$ ) respectively. Hence, the results of indirect effects provide support for  $H_4$ .

## 5. DISCUSSION

The purpose of this study was to examine the impact of TMP on EP and to test the mediating effect of EE in the banking sector. Furthermore to empirically test the hypotheses in the Nepalese context. This study builds upon resource-based view theory, and social exchange theory to theorize and empirically test a model that demonstrates how TMP and EE trigger a synergy in favor of EP. The findings of this study provide empirical support for the

associations between TMP and EP and the mediating role of EE in the association between TMP and EP.

The findings regarding the first hypothesis show that the observed associations between all three dimensions of TMP (talent attraction, talent development, and talent retention) and EP are significant. These findings support the SET to the extent that when organizations invest in TM practices, talented employees will compensate the organization with performance. From the social exchange theory perspective, investment in TM practices sends a signal to employees in the talent pool to perform. The results are consistent with previous research (e.g. Chaami-Malaeb & Garavan, 2013; Luna-Arocas & Morley, 2015). Thus, this finding showed that the implementation of TM is likely to induce positive work attitudes of job satisfaction and affective commitment. This finding provides support for the SET which suggests that when organizations invest in their employees in terms of TMP and professional development, they are likely to reciprocate their organizational investments in positive ways.

Regarding the second set of hypotheses, the results reveal that there are positive associations between three components of TMP, namely talent attraction, talent development, talent retention, and EE. This result aligns with Malkawai (2017); Almaitah (2020); Luna Aroras et al. (2020); Sarangal et al. (2020); Pawan and Said, (2020) who reported that TM practices have a significant impact on EE. These findings support the SET to the extent that when an organization offers TM practices, its talented employees demonstrate high commitment and low intention to leave, leading to high EE.

According to the analysis of the results, EE has a significant impact on EP. This means that the third hypothesis is accepted. Theoretically, this result is fit a conceptual framework previously presented. This result aligns with Kantan and Sadullah, (2012); Leiter and Bakker, (2010); Macey and Schneider, (2008); Rich et al., (2010) who reported that EE has a significant impact on EP. Similarly, these results are supported by a meta-analysis study conducted by Christin et al., (2011). High levels of engagement influence job performance by requiring enthusiasm and energy to be put into the work, in addition to diligence and job focus (Bakker and Bal, 2010). This study confirms the findings of earlier research in this field and shows the association between engagement and performance in the Nepalese context.

The fourth hypothesis suggests that three components of TMP, namely talent attraction, talent development, and talent retention indirectly affect the EP through the partial mediation of EE. These results were consistent with the research results of Abdullahi et al. (2021), Almaaitah et al., (2020), and Sarangal et al., (2020), who found that From the theoretical point of view, this finding corroborates the premises of SET, according to which EE can be seen as a way to repay the organization for the resource provided to the employee. Hence, it can be concluded that when an employee takes advantage of effective TMP, they tend to highly engaged and finally shows high performance.

## 6. CONCLUSION AND IMPLICATION

Talent management has been taken as a new management paradigm since 2009. As its effectiveness depends on several factors, different organizations have used it from different perspectives to improve their operational and financial performance. Using the Collings and Mellahi, (2009); Luna-Arocas and Morley, (2015); Mensah, (2015) models for Talent management, the present study highlights the synergistic association between TMP and EP and indicates where and how the TMP can impact EP. The empirical results indicate that TMP has a significant and positive impact on EP and all three of its dimensions. The current study also highlights the important mediating role of EE between TMP and EP and provides evidence showing that EE partially mediates the relationship between TMP and EP. Therefore, by investigating the direct and indirect effects of TMP and EP, the present study provides empirical evidence indicating that TMP can play a significant role in enhancing the performance of Nepalese commercial banks.

The results of this study have three main implications for the practice of bank management. First, bank leaders can incorporate TM practices to improve and achieve EP behaviors and reduce negative behaviors. Second, by embracing TM practices, bank management may benefit or benefit from his EE's positive work ethic. Finally, bank leaders should be aware that EE mediates the relationship between TM practice and EP. Therefore, bank management should invest in TM activities that improve EE and enable employees to perform at their full potential.

## 7. LIMITATION AND FUTURE RESEARCH

Although this study has made significant contributions in theory, methods, practice, research, and functional perspectives, there are some limitations in this study that can be used as a reference for future studies. Since this study focused on the banking sector only so that further study can be undertaken in other sectors of the country. This study was undertaken considering less sample further researchers may undertake research considering a large sample to confirm the result of the study. This study focuses on TM practices (TA, TD, TR) and their relationship with EP through EE as a mediating variable, further investigation may include other TM practices such as talent selection, talent motivation, compensation management and can also include organization size and nature as a moderating variable. Therefore, existing research paradigms can be extended to include the proposed variables. In this study, a closed questionnaire was administered online (Google Forms) and researchers were not physically involved in the data management and collection process. Therefore, future studies may indoctrinate the interview approach to the data collection process in order to obtain more robust data collection for effective research work.

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