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Employee Engagement As A Catalyst Between Talent Management And Employee Performance: A Meta–Analytical Review

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ABSTRACT

Introduction: *The management of human resource is a highly important to the prosperity of organizations as banking and financial sectors (BFIs) are becoming more competitive day by day. Talent Management are increasingly crucial for strategic management and competitive advantage in every organization. However, enlightenment about the mediating process on how does talent management influences the employee performance (EP) is yet to be further studied in banking sector of developing country like Nepal.*

Objective: *The primarily aim of this paper is measuring effects on how engagement of employees facilitates to mediate the association among talent management and employees' performance. By the same notion, it questions whether and how engaged employees truly transforms the efforts of talent management into better performance results. This is the dynamic that the paper helps to put in the spotlight: how effective talent practices help to drive outcomes of employee.*

Method: *This research stands, based on two widely accepted theories, namely the RBV theory by Barney, developed on 1991, suggesting the strategic part of intra-organizational resource like Human Capital Theory and the S-E-T (social exchange theory) by Blau on 1964, which implies relevance of the reciprocal relationships at work context. Based on these theoretical grounds, the study is quantitative in nature, relying on survey data from 280 professionals (banking professionals) working in different commercial banks of Nepal. To evaluate the hypothesized relationships among TM, EE, and performance, this research uses the method of structure equation Modelling (SEM), with SPSS to prepare data and AMOS to test model.*

Results: *The findings shows that the effective talent management have a encouraging along with statistically substantial effect on employee performances in Nepalese commercial banks. Most importantly, employee engagement is a critical mediator, enhancing the link among talent managing strategies and performance results. The proposed model is empirically well supported by the SEM findings, and the hypothesized relationships are significantly supported by the path coefficients. Such results underscore the importance of cultivating engagement by means of talent initiatives and are in line with the idea that such approaches may contribute to enhanced individual and organizational performance.*

Conclusions: *This study makes a contribution towards current and existing literature, while providing pragmatic indication of the intermediating role of employee engagement with TM–EP relationship. It has theoretical implications as it incorporates engagement in the TM-performance model and practical implications for HR directors and policymakers in developing economies. In particular, it requests investments in engagement-based TM strategies to unleash human capital potential in service intensive industries such as banking.*

Keywords: *Talent Management, Employee Engagement, Employee Performance, Structural Equation Modeling, Commercial Banks, Nepal, Human Resource Management, Emerging Economies*

INTRODUCTION

In current business environment scenario, human resources or talents has been a crucial driving force of performance for banking and service-based industries in general (Wright & McMahan, 2011; Schiemann, 2014). Amid technology disruptions, regulatory changes and increasing customer expectations, managing talents has been key driver for organizational resilience and performance among financial institution (Nijs et al., 2014; Shah & Beh, 2016). The term talent management which also refers to the organized course of identifying critical positions, attracting talents, empowering, engaging and retaining high- potential employees (Collings & Mellahi, 2009) has come to feature as an important strategic priority of commercial banks globally, including banks of emerging markets such as Nepal.

In the banking industry of Nepal, containing 20 commercial banks, supervised by Nepal Rastra Bank (NRB), the necessity of human capital is yet more pronounced, as the market is competitive further, qualified and trained manpower are limited and provision of quality service is necessary in the relationship-oriented sector (Dhungana & Shrestha, 2020). Notwithstanding large investments in talent management like replacement and succession plans, management development and competency-based hiring, the challenge remains: how do these interventions lead to better employee performance? In Financial sector, the concept of EP includes service quality, efficiency, innovation and customer responsiveness - factors which are important contributors to the long-term success (Anitha, 2014; Campbell, 1990).

Although the direct association of TM and EP has been a focus in the previous studies, there are increasing indication that direct association among the two is not necessarily linear and automatic. Rather, Employee Engagement (EE) has been viewed as a critical psychological process that operates through which TM impacts performance outcomes (Albrecht et al., 2015; Saks, 2006). Employee Engagement signifies HR's emotional and mental- being committed to work, which is projected into their vigor, commitment, and interest (Schaufeli et al., 2002). In an organizational environment stress and high level of compliance such as banking engaged employees would act as a buffer to motivation and discretionary efforts being put in (Rana, Ardicliyil & Tkachaenko, 2014).

Based on Kahn (1990) Personal Engagement Theory and Blau (1964) Social Exchange Theory, this study assumes that TM reinforces the feeling of PC fulfilment among employees hence increasing their engagement towards work. They are prone to reciprocate organizational support in the form of better performance, and consequently become a driving force in the TM–EP relationship (Rich et al., 2010; Shuck et al., 2011). Nevertheless, empirical evidence for this mediating effect of EE appears to be scant, especially in BFIs of Nepal.

This paper fills this void by meta-analytically reviewing the prevailing literatures, and investigating empirically the intermediating role of EE on TM and EP. Data were collected among 280 employees i.e. target respondents working for commercial banks of Nepal. Using SEM, this learning aspires to underwrite the theory and practice of how EE could be utilized to strengthen the human resource management strategies on changing banking sector in an emerging economy.

LITERATURE REVIEW

Talent Management (TM)

Talent Management involves the alignment of HRM practices (e.g. recruitment, development, retention, and deployment of high potentials) to current and future organizational requirements (Lewis & Heckman, 2006). In banking — a service industry for which customer satisfaction and trust are contingent on the quality of service - TM has been seen as an instrument that enables preserving service quality and institutional memory (Bethke-Langenegger et al., 2011).

Employers have increasingly been intrigued by the concept of TM in the financial sector, particularly in relation to Nepalese commercial banks, where attrition is one of the problems faced and staff shortages are also being encountered (Dhungana & Shrestha, 2020). However, few EM studies focus on TM applicability in generating employee-level results (Bricks & Elliott, 2009 Robertson et al., 2003). Authors claim that TM, if applied effectively, links human resource capabilities to business strategy resulting in increased individual and organizational performance (Bhatnagar, 2007; Luna-Arocas & Morley, 2015).

Employee Engagement (EE)

It's been a hot burning topic in many organizations. This has recently grown as general coin being a positive psychological mindset associated along optimal individual and organizational performance. The employees' engagements have a positive work-related state on well-being regarded as by vigor, dedication and absorption as per Schaufeli et. al.,(2002). Kahn (1990), originator of the employees' engagements concept, that demanded the connection of the self with the job roles, focused on the emotive and mental development of employees towards work. Within the high-pressure organizations like banking, engagement is related not only to job satisfaction but also to lower absenteeism, lower turnover intentions, and service quality (Rana et. al., 2014; Saks, 2006).

Research by Rich et. al.,(2010), & Albrecht et. al.,(2015), similarly supports an argument – engaging employees are certainly inclined towards successful Talent Management practices. If the TM programs are perceived as being fair and developmental, they build a sense of trust and reciprocity among employees, and employees become more involved in their organization (Shuck, et al., 2011). In exchange, motivated workforces are more likely to put up flexible effort, which tends to result in the enhancement of individual performance—a dynamic that is particularly pertinent in customer-interfacing roles in banking.

Employee Performance (EP)

Employee performance is the degree where job duties are conducted efficiently and effectively (Campbell, 1990). In banking, this comprises of not only task performance (e.g., transaction accuracy, compliance) but also contextual performance (e.g., teamwork, customer handling, innovation). Performance is not driven just by technical skills but is also influenced by motivational and psychological factors like commitment and perception of support from the organization (Anitha, 2014; Wright & Nishii, 2007).

The direct positive relationship between EE and EP has been confirmed by empirical evidence in many different settings. For example, Karatepe (2013) observed that high engagement among frontline staff in a banking organization was associated with better job performance. Saks (2006), also noted that engagement tends to mediate the HRM–performance relationship with psychological states playing an essential role in turning HR practices into behaviors.

Connecting TM, EE, and EP: The Mediating Influence of Engagement

To support association on developed hypothesis, the social exchange theory opined by Blau developed in 1964 AD supports this research on the basis that employees reciprocate positive treatment by their organization i.e. talent management initiatives with positive attitudes and behaviors, including engagement and performance fosters positive environment. According to Albrecht et. al.,(2015), the rational practice such as employee development, recognition, along with leadership support for talents means psychological safety and job meaningfulness to be significant predecessor of employees' engagements as conceptualized by Kahn (1990).

Several empirical studies have already provided support for the intermediating roles of the employee engagement, within the context of the linkage between talent management and the performance of employees. For instance, Gupta et. al.,(2021) imply that involvement accounts for a large proportion of relation between TM and EP in the banking sector in India. Similarly, Luna-Arocas and Morley (2015) argued that employees' engagement is an important mediator of the alchemy from talent management practices to greater on-role performance and commitment.

These relationships with respect to South Asian economies as that of Nepal, whose organizational cultures, employee's expectations, and styles of leadership differs at varying levels from what obtained in Western culture remain unvalidated empirically. In addition, the inter-relationships have not been combined through meta-analysis in the context of Nepalese commercial banks, using SEM. To help address this gap, this study provides an enriched and data-driven model of the mediation effect of EE in the TM–EP association in context of Nepal's commercial banks.

THEORETICAL FRAMEWORK

In this article, 3 theoretical perspectives could be useful to build a strong theoretical basis for Talent Management(TM), Employee Engagement(EE) and Employee Performance(EP). It is theoretically on the basis of the social-exchange-theory, Kahn's engagement theory & Job Demand-Resources(JD-R) theory among others. Taken together, these two models explain how workplace relationships, psychological engagement and work-related factors combine to affect employee. In this theory, Employee Engagement is posited as the main mediator of the talent practices-performance relationship.

Social-exchange theory:

As per opinion on this theory, the workplace stands organized around an exchange system which revolves around reciprocal relationships. Under this perspective, when a company's employees learn to see the company is investing in them, this part of the process (which includes a fair hiring process, structured career development, and clear recognition of performance) then employees are willing to reciprocate. The description of the theory seems to be appropriate in the context of Nepalese banking industry which are

dynamically competitive because of the service-oriented nature in relationship. Employees with more rewarding customer service and emotional support are more likely to engage with the organization emotionally and cognitively.

Therefore, this theory supports the research hypothesis, "Talent Management has a encouraging effect on Employee engagement which influences employee performance positively" through the intermediary agent of bi-directional relationships conducted with engagement.

Kahn's Engagement Theory:

The Engaged Theory of Kahn is the research of "personal engagement", where the three psychological circumstances, such as meaningful-ness, safety & availability has bearings to the degree on engagement. Three Psychological Truths of Personal Engagement, according to theory of personal engagement, there are three psychological truths that needs in order to be engaged in the work. These are very specific depending on the Talent Management.

Work-life balance and resources when organization supports them, provides more availability and ownership on the employee. Especially for Nepalese banks where rapid technological and structural transformations are taking place, it becomes crucial to guarantee such condition through talent management. Workers who feel that the work they do is meaningful, safe and supportive and are more likely to report feeling engaged, and that engagement is reflected in their job performance.

Job Demand–Resource (JD-R) Model

As opined by job demand–resource theory developed by Bakker & Demerouti, a theory developed in 2007, work is composed with jobs demand (example: workload, pressure, emotion strains) and the jobs resource (e.g., training, autonomy, feedback). In this model, job resources cushion against the negative impact on the job-demands and has become important for energization for task engagements, thus to the performance. Talent management practices are also mentioned as a major set of job resources. Talent management, learning, talent mobility and leadership development in commercial banks, enhances employees' work ability. Those resources ensure that the person is more motivated, has more energy and accordingly a greater level of engagement. However, engaged employees make the staff more productive, innovative and have better customer service, which matters in banking.

The previous JD-R model can be interpreted in a perspective of Employee Engagement as moderating (through motivation as mediator which involves giving energy to the workers) that meditates between the HR and their performance.

Taken together, the three frameworks serve to validate the base for this article that employee EE mediates in-between TM and EP, especially at high pressure and service centric industries such as banking where:

- The social exchange theory helps describe how and why the employees react to TM with higher engagement and performance based on a feeling of obligation and reciprocity.
- Kahn theorized how workers become engaged when psychological conditions are met via T.M. and
- The JD-R model provides clarity about how engagement yields performance when resources are granted to employees.

RESEARCH OBJECTIVES AND HYPOTHESIS

The objective of the study is:

- To measure effects of TM on EP within banking sector of Nepal.
- To inspect intermediating consequence among two variables: TM and EP through employee engagements.

Hypothesis:

Based on previous studies and theoretical underpinnings, we developed a conceptual model and hypotheses are presented as below:

Hypothesis 1: Talent Management significantly influences Employee Performance.

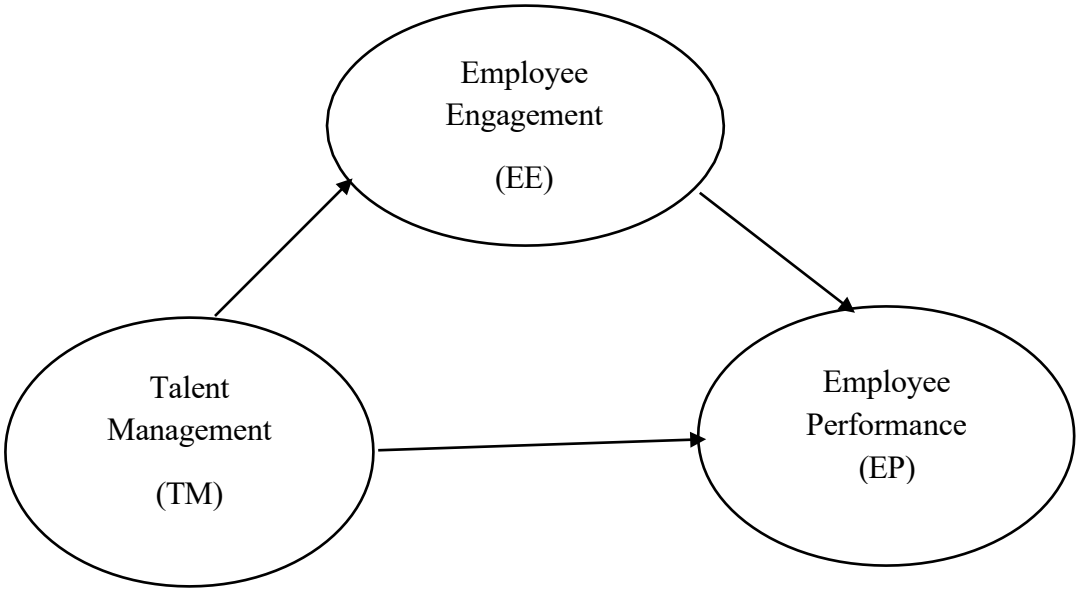
This proposition is based on the argument that well-functioning TM practices include effective talent attraction, development, and retaining employees, which are related to positive employee outcomes (Al-Hajri & Al-Azri, 2019; Collings & Mellahi, 2009).

Hypothesis 2: The association between Talent Management and employee performance is mediated by employee engagement.

This mediating hypothesis is based on the effect that TM have indirect effect on EP through improvement in EE, which determines the success performance through better work behavior (Gupta et al., 2021; Saks, 2006).

Conceptual model for the study

Fig 1: conceptual framework



This study emphasizes that Employee Performance is taken to be dependent variable (DV), talent management (TM) is considered to be independent variable and Employee Engagement is considered to be the mediator variable. This study analyzed indirect association of TM with EP, which impacted by employee engagement (EE). This methodology offers a more comprehensive insight into how talent practices lead to performance. This model has been tested and verified to examine whether the formulated hypothesis and model directly or indirectly estimate the relationship through SEM.

RESEARCH METHODOLOGY

Research Designs:

This is quantifiable study through which author has tested the relationships of Independent Variable (TM) and Dependent variable (EP) with employee engagement as mediator. A stratified random sampling was designed for collecting key statistics and data from Nepalese banks.

Population and Sampling

The study population were working professionals of "A" class commercial banks of Nepal according to classification provided by Nepal Rastra Bank (NRB). A stratified random sampling resulted in 280 respondents that represented most of the departments (operations, customer service, credit, HR) in the organization, from different hierarchical levels.

Instrumentation

A total of 54 questionnaire was designed based on the methodology with previously validated scales. Talent Management was operationalized with such items as were drawn from Collings and Mellahi (2009) and Bhatnagar (2007) dealing with management of talent with regards to acquisition, development and retention. Employee's performances were measured on the basis of the items from Campbell (1990) and Anitha (2014) representing adaptive, task and contextual performance. A 5-point Likert Scale was used, with scale of 1 to 5 where 1 being strong disagreement to 5 being strongly agreed upon.

Collection of data

The period of collecting data was approximately two months and questionnaires were distributed and collected through both online and physical means that is physical questionnaire and through google forms

also. Respect for informed consent, confidentiality and voluntary participation was meticulously maintained with appropriate request and clarity of purpose to respondents.

Data Analysis Tools

For the reliability analysis, the Cronbach's alpha were computed using Microsoft-SPSS version:26 for the testing of internal consistency. Structural relationships and measurement models between variables were confirmed using CFA and SEM respectively, with the analysis run in AMOS. For examining the mediating effects of EE i.e. the indirect effects of TM on EP, we used the mediation model (Hayes, 2013), with the bootstrapping method (5,000 samples) as suggested by Preacher and Hayes, (2008).

Validity and Reliability

Constructs' validity were measured in terms of principle component analysis factor loading and average-variance-extracted: AVE & the composite reliability. For the purpose of construct validation, criterion validity was checked using Fornell-Larcker criteria. All the constructs resulted that the tested reliability value is well above 0.70 that is discussed in the discussion section, which indicates good reliability (Nunnally and Bernstein, 1994).

FINDINGS AND DISCUSSION

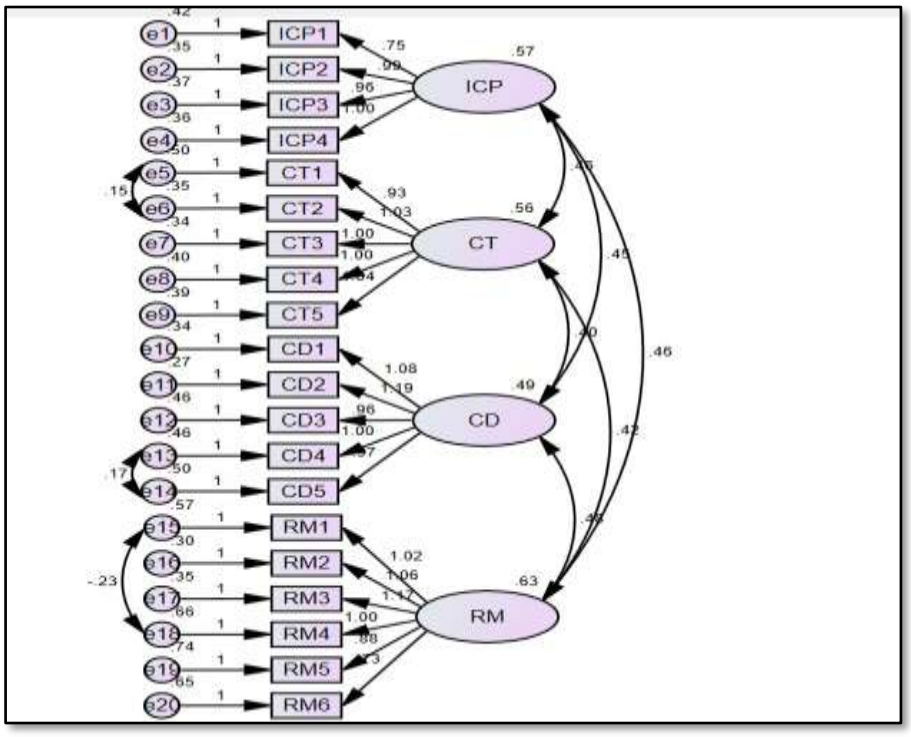
The Factor Analysis:

For conducting EFA, 'principal component analysis' with varimax rotation in SPSS were performed to conduct EFA for investigating dimensional structure of constructs (TM, EE & EP). The (Kaiser Meyer Olkin) KMO test, was >0.70, accepting and validating sample suitability and Bartlett's test results are also significant with significance value being lesser than 0.001, with indication that data are appropriate for the factor analysis (Hair et. al.,2019). The factor loading being greater than 0.60, there were no large cross-loadings, lending support for the dimensions of the items (Fabrigar et. al., 1999). The factor solution was interpretable in terms of the theoretical constructs, and was able to explain a meaningful amount of variance (ie, generally more than 60%) for most dimensions after varimax rotation, confirming the construct validity of scales.

Measurement model:

CFA test were subsequently executed for validating the measurements model. First order and second order constructs were performed which is discussed below:

Fig 2: First order model of Independent Variable (TM)



The model fit measures for 1st order is presented in table and explained below:

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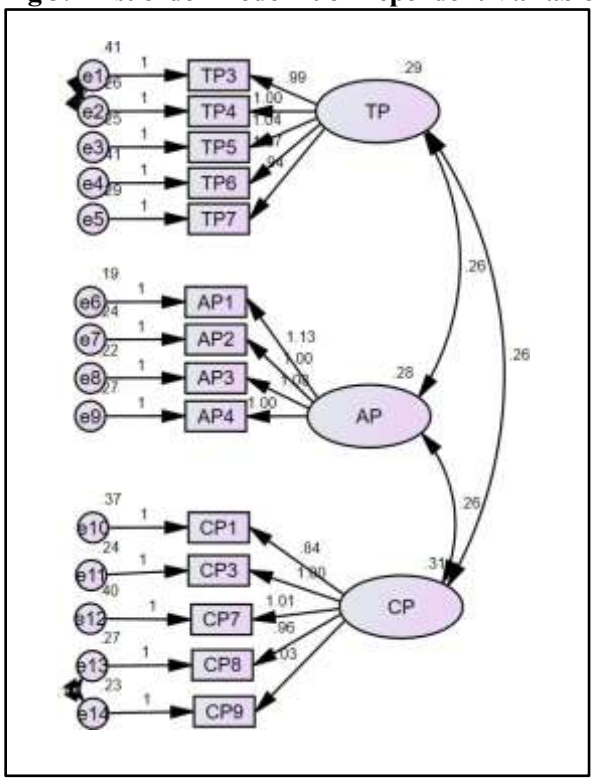
Table 1: First Order model fit outcome of Independent Variable-TM

Model Fit Indices	Results	Threshold	Results
CMIN Value	317.43		
DoF	161		
$\chi 2/df$	1.97	Between 1 and 3	Excellence
CFI Index	0.953	> 0.95	Excellence
SRMR	0.044	< 0.08	Excellence
RMSEA	0.06	≤ 0.06	Excellence
P-Close	0.051	> 0.05	Excellence

Fit indices were examined to test how well the structural model fit the data. The value of Chi square (CMIN) was 317.43 and 161 d.f. While the chi-square value is sensitive to sampling size, the relative chi-square (CMIN/df) was 1.972, and a value less than 3 indicates an adequate fit (1-3). The Comparative fit index (CFI) was 0.953 (Hu & Bentler, 1999), which exceeded the criterion 0.95, indicating good fit. The RMSA was 0.044, well below the maximum value of 0.08, indicating that there is a relatively small difference between the observed and fitted matrices. The RMSEA was also 0.060, which was also close to the threshold (in the standards set, the values of these indices for the close fit are ≤ 0.06) and the PClose value was 0.051, just above the 0.05 threshold, which means that the degree of fit in the based population is good. In sum, these indexes strongly support the conclusion that the postulated structural model represents an excellent fit to the data.

Fig 3: First order model fit of Dependent Variable (EP)



The model fit measures for 1st order of DV is presented in table and explained below:

Table 2: First Order model fit outcome of DV

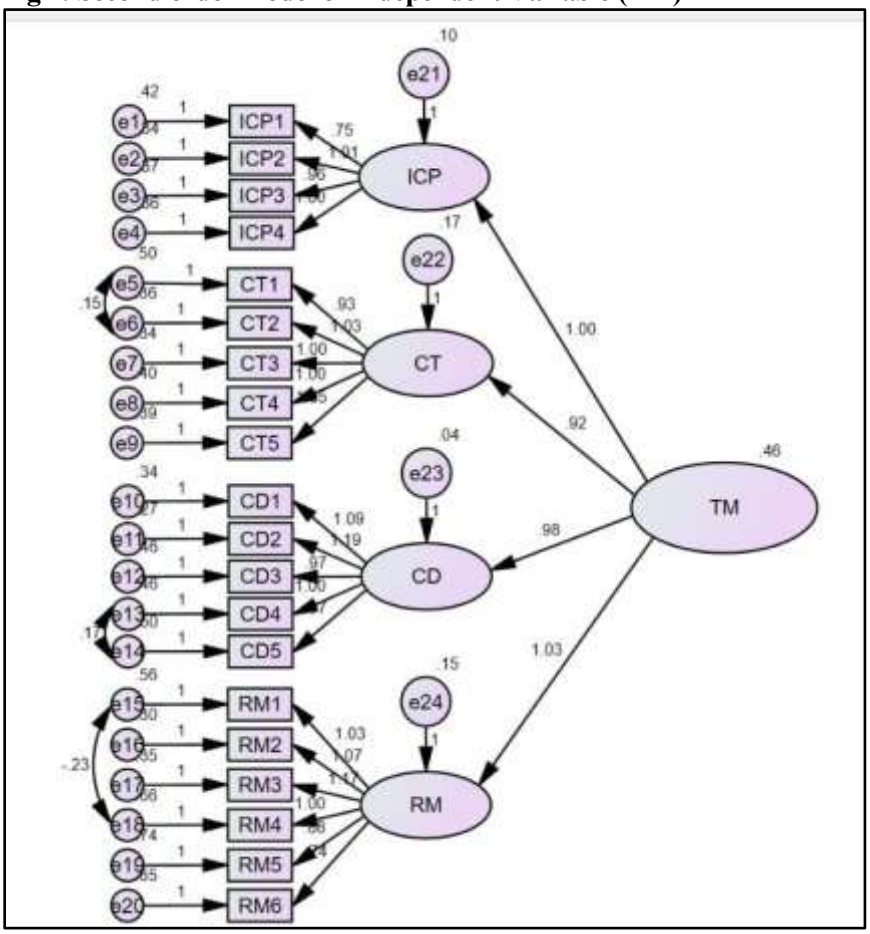
Model Fit Indices	Results	Threshold	Results
CMIN Value	152.848		
DoF	72		
$\chi 2/df$	2.123	Between 1 and 3	Excellence

CFI Index	0.959	> 0.95	Excellence
SRMR	0.044	< 0.08	Excellence
RMSEA	0.064	≤ 0.06	Accepting range
P-Close	0.05	> 0.05	Excellence

For Employee Performance (EP) first-order construct, the model fit indices provided a good fit as shown in the above table. CMIN/df was 152.848/72. With respect to sample size, CMIN should be avoided as it is sensitive to large size sample; thus, the value of relative χ2 (CMIN/df) that is 2.123 was calculated, which falls in the required range 1-3, indicating a good fit to the model (kline, 2015). The Comparative Fit Index (CFI) of 0.959 was greater than the recommended value of 0.95 and was considered to demonstrate a good model fit (Hu & Bentler, 1999). The Std. Root Mean Square (SRMR) was 0.044, which was smaller than the cutoff value of 0.08, indicating low residual error when predicting original correlation matrices. The RMSEA estimate was 0.064, just above. 06 threshold but within acceptable values for fit of the model (MacCallum, et al., 1996).

Moreover, the P-Close value of 0.050 supports the conclusion of a reasonable approximation of the model in the population, as it meets the threshold (>0.05) for acceptable fit. In summary, the model fit indices collectively support the conclusion that the first-order CFA model for Employee Performance demonstrates acceptable to excellent fit, making it appropriate for further structural modeling.

Fig 4: Second order model of Independent Variable (TM)



The model fit measures for 2nd order of IV is presented in table and explained below:

Table 3: Second Order model fit outcome of IV

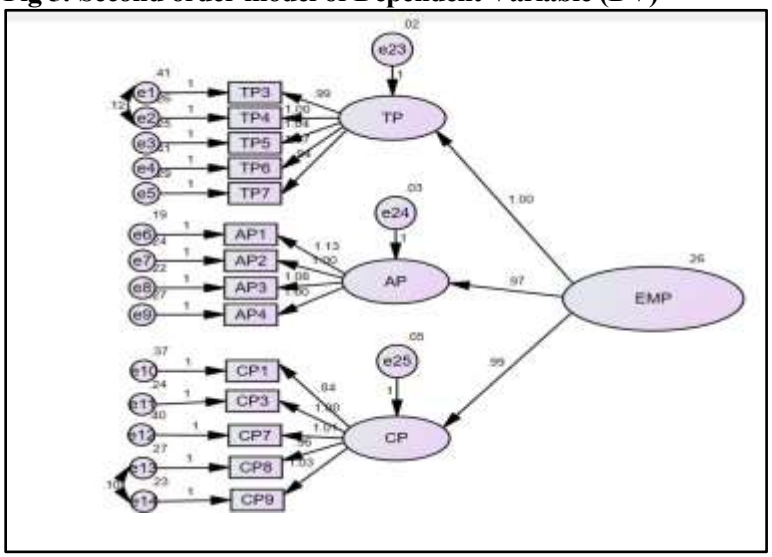
Model Fit Indices	Results	Threshold	Results
CMIN Value	326.994		

DoF	163		
$\chi 2$/df	2.006	Between 1 and 3	Excellence
CFI Index	0.95	> 0.95	Accepting range
SRMR	0.046	< 0.08	Excellence
RMSEA	0.061	≤ 0.06	Accepting range
P-Close	0.034	> 0.05	Accepting range

Fit indices were used to assess goodness of fit of the second order structural model. The chi square value (CMIN) was 326.994 with 163 df. As CMIN is sensitive to sample size, relative chi-square (CMIN/df) (2.006) was regarded as a more robust index at which cut off point an excellent model fit was interpreted, which should fall between 1 and 3 (Kline, 2015).

Fit to the model was good, CFI = 0.950 (above the lower cut-off of good fit of 0.95, but just short of the excellence cut-off, see Hu & Bentler, 1999). The SRMR value, 0.046, was less than the recommended cut-off value of 0.08 (Byrne, 2016), showing a strong fit between the model and the data and small average absolute difference between the observed and predicted behavioral and environmental factor correlations. In terms of error approximation, the RMSEA was 0.061, marginally above the optimal cutoff of 0.06, but still considered acceptable for structural models (MacCallum et al., 1996). The PClose value, which tests the null hypothesis that RMSEA ≤ 0.05, was 0.034, slightly below the recommended >0.05, thus indicating a marginally acceptable fit. These indices collectively suggested that structural model demonstrates overall acceptable to excellent fit, and is suitable for hypothesis testing and interpretation of path relationships.

Fig 5: Second order model of Dependent Variable (DV)



The model fit measures for 2nd order of DV is presented in table and explained below:

Table 4: Second Order model fit outcome of DV

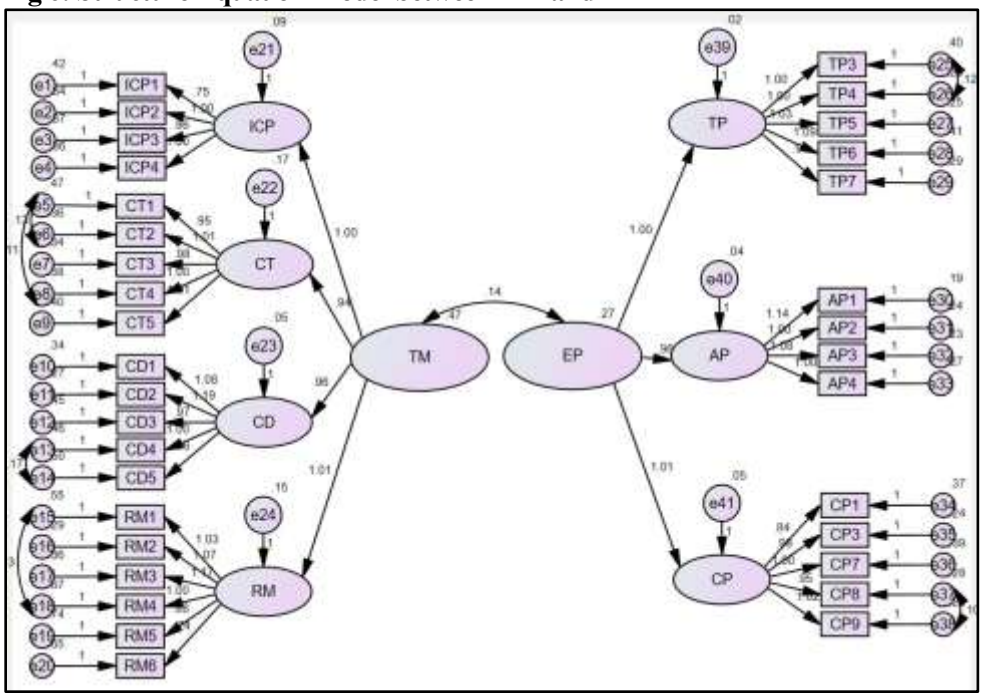
Model Fit Indices	**Results**	**Threshold**	**Results**
CMIN Value	152.848		
DoF	72		
$\chi 2$/df	2.123	Between 1 and 3	Excellence
CFI Index	0.959	> 0.95	Excellence
SRMR	0.044	< 0.08	Excellence
RMSEA	0.064	≤ 0.06	Accepting range

P-Close	0.05	> 0.05	Excellence

The goodness of fit indices were used to evaluate the second-order model of CFA model for Employee Performance (EP). The Chi-square value (CMIN) was 152.848 (72 df). In light of the widely-documented sample-size sensitivity of the chi-square, greater emphasis was given to relative and incremental fit measures. An acceptable value of relative CMIN/df was obtained (2.123) since this value is well within the recommended cut-off between 1 and 3, suggesting good model fit (Kline, 2015). The CFI was 0.959 and exceeded the criterion of 0.95, which represents a high comparative fit (Hu & Bentler, 1999). The residual-based measures were also very good, SRMR = 0.044 (below the 0.08 threshold) and indicated excellent fit with low differences among observed and prediction correlation matrix. RMSEA was 0.064. This value of 0.08, though it is only slightly higher than the desired value of 0.06, is within the range that may be acceptable for second-order models (Browne & Cudeck, 1993).

Additionally, the PClose value was 0.05, meeting the minimum requirement for concluding good model fit in the population. Collectively, these indicators affirm that the second-order construct for Employee Performance demonstrates a strong and statistically acceptable model fit, justifying its use in further structural analyses.

Fig 6: Structure Equation Model between TM and EP



The model fit measures for structure equation modelling between IV and DV is presented in table and explained below:

Table 5: Structure equation model fit between IV and DV

The overall model fit between the latent constructs (TM, EE and EP) was tested using SEM with AMOS. Fit indices demonstrate that the theoretical model is an adequate to a good fit. The CMIN value was 977.3 (df = 513). Given that CMIN is sensitive to sample size (Bentler, 1990), the relative chi-square (CMIN/df) is a more robust estimate of model fit, and the score was 1.905, a score that falls within the acceptable cut-off criterion of 1–3 (Kline, 2015), indicating good model parsimony.

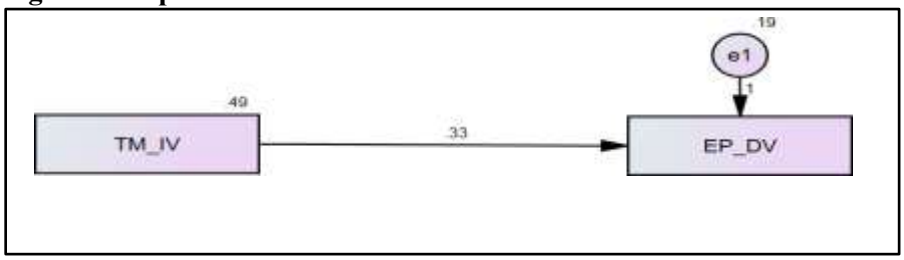
The fitness of model was assessed using the CFI was 0.916 which is slightly below the optimum (0. 95 but within the acceptance level of fit, it suggested that the model fit well the data (Hu & Bentler, 1999). SRMR value was 0.066, below the acceptable threshold of 0.08, suggesting little residual covariation (Byrne, 2016). The RMSEA value was 0.058, just under the 0.06 cut-off and excellent (MacCallum, et al., 1996). The PClose of 0.012 is slightly lower than the preferred value of >0.05 but is still a good value, so the approximation error in the population is okay for models of complex structure. In general, the combination of fit measures provides evidence to sustain the goodness of fit and robustness of this model as supported on the proposed

one that talent management make a contribution toward employee engagement which led to employee performance.

Path Analysis

The path analysis had been performed using the SEM to measure hypothesized relationships among TM, EE, and EP. The structural model also demonstrated good fit indices consistent with the CFA findings.

Fig 6: Direct path from TM to EP



The path analysis computed from structure equation modelling between IV and DV is presented in table and explained below:

Table 5: Path analysis between IV and DV

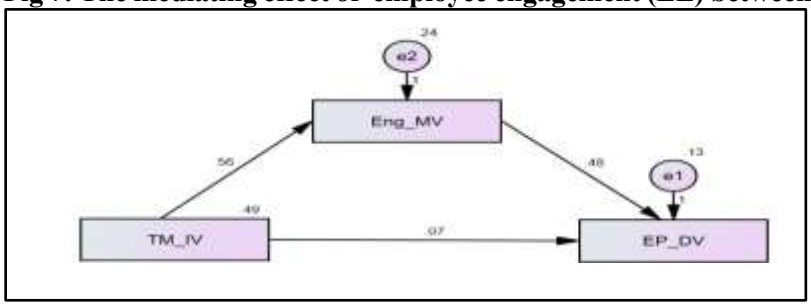
Path among variables	The estimates	SE.	CR.	p-value
EP_DV TM_IV	0.332	0.037	8.861	***

The relationship that was proposed (H1); was tested by applying the direct impact of TM on EP in the structural model. The standardized path coefficient for the path EP ← TM was 0.332 (S.E.=0.037), C.R.=8.861. The equivalent p value being significance i.e. $p < 0.001$which is * in AMOS output.

This outcome reveals the robust and significant and positive relation between TM and EP, within framework of Nepalese commercial banks. The results lend support to the belief that effective TM – the recruitment, development, retention, and successor-planning of key talent – significantly improves individual performance outcomes (Collings, Mellahi, & Cascio, 2017; Al Ariss, Cascio, & Paauwe, 2014). The large critical ratio (1.96) for the parameter estimate indicates its stability.

The positive direction of the estimate ($\beta = 0.332$) aligns with prior research suggesting that strategic talent management contributes to a motivated, competent, and performance-driven workforce (Schiemann, 2014). Given the sample context of commercial banks in Nepal, where employee skills and retention are central to competitive advantage, these findings emphasize the practical relevance of TM practices in emerging markets.

Fig 7: The mediating effect of employee engagement (EE) between TM and EP



The mediating effect of Employee Engagement (EE) computed from structure equation modelling between TM and EP is presented in table and explained below:

Table 6: Results on mediating effect

Mediating of EE effect between TM and EP

Mediating effects	The estimates	SE.	CR.	significance
Eng_MV <--- TM_IV	0.556	0.043	13.065	***
EP_DV <--- TM_IV	0.067	0.04	1.658	0.097
EP_DV <--- Eng_MV	0.478	0.045	10.664	***

For testing the mediating role, a structure equation modelling (SEM) technique was used to determine mediation, the standardized regression coefficients, standard errors (S.E.), critical ratios (C.R.), and the pvalues were reported from the output taken from AMOS.

Path Coefficients and Mediation Results

Talent Management(TM)→ Employee Engagements(EE):

The strong and positive direct effect of Talent Management on Employee Engagement was confirmed by $\beta = 0.556$, S.E. = 0.046, C.R. = 13.065, $p < 0.001$. This finding is aligned with the RBV (Barney, 1991) and with talent identification research (Albrecht et al., 2015; Gallardo-Gallardo and Thunnissen, 2016).

Employee Engagement → Employee Performance:

The direct effect on employee performances by engagement of employees was also significant and particularly strong, with $\beta = 0.478$, S.E. = 0.045, C.R. = 10.664, $p < 0.001$, which indicated that engagement was a significant forecaster of the performances. This finding stands together with the Social-Exchange-Theory by Blau where engaged employees return the expression of organizational care with higher levels of performance (Saks, 2006; Karatepe, 2013).

TM → EP (Direct Effect): Before Employee Engagement was brought into the model, direct path of Talent management on EP dropped to $\beta = 0.067$(S.E. = 0.04, C.R. = 1.658), and was found statistically insignificant ($p = 0.097$). This decrease suggests that the relation of TM on EP plays mostly indirectly via employee engagement, thus, resulting to a complete mediation.

FINDINGS

The present research explicitly indicates a full mediation model where the employees' engagements (EE) acts as a mediator between Talent Management (TM) and Employee Performance (EP). This suggests that TM effect on EP is mediated by EE (indirect effect), rather than a direct one. In practical terms this implies that axing talent management interventions may not be able to fully optimize performance for workforces, should these fail to actively attend to generating emotional and cognitive engagement in the first instance (Macey & Schneider, 2008; Shuck et al., 2011).

All the hypotheses are confirmed by the empirical findings, that are very consistent with the two key theoretical concepts used for this study, RBV (Barney, 1991) and social exchange theory (Blau, 1964). In particular, it was found that TM significantly increases EE (supporting H2) and that EE significantly mediates the influence of TM on EP (supporting H3). Although the direct impact of TM on EP was initially significant (H1), it became insignificant after adding EE to the model (H4), supporting full mediation.

Moreover, the model was satisfactory as showed by the good fit values which include CMIN/DF of 1.905, RMSEA of 0.058, and CFI of 0.916. These outcomes supported the results that it is not enough just to apply TM practices only, rather they should be designed to have effect on employee engagement, which supposedly can transfer organization's strategic goals to better performance. This understanding is of primary concern for high-performance industries such as the commercial banking industry in developing countries, in which human capital is a key determinant towards success.

The evidence of mediation suggests that while TM can influence performance directly, its full potential is realized when employees are psychologically engaged. This echoes earlier meta-analytic findings that

engagement serves as a proximal motivational factor linking contextual and job-level variables to performance (Christian, Garza, & Slaughter, 2011).

From a practical perspective, the results signal to HR managers in emerging economies that strategic investments in TM are not sufficient unless they also activate the emotional and cognitive energies of employees. Engagement, therefore, should be seen not as a by-product but as a deliberate outcome of talent strategies.

CONCLUSION

The core objective or purpose of this research was exploring the mediator role of employee engagement (EE) between Talent Management (TM) and Employee Performance (EP) in the context of Nepalese commercial banks. The results present compelling evidence that TM and EE are important in developing EP as EE was indicated as a strong mediating variable towards this process.

The research fulfills gap of the literature by considering a less researched sector of an emerging economy, the banking sector. It underlies the strategic role assigned to basic talent management processes, i.e., selection, career progression, and retention, in organizing employee commitment.

They also provide support for the theoretical congruence of the findings with Social Exchange Theory (Blau, 1964) and with Kahn's (1990) model of psychological engagement. These views implies that any organization investing on their talents or workforces using effective strategies and tools, workforce are expected to respond with increased engagement, which will in turn lead to improved performance implications.

More generally, we believe that this paper helps underpinning significance of employee engagement, not only as an outcome in its own right, but also as a crucial means by which strategic talent management can increase long-term positive outcomes. The outcomes highlight significance of incorporating employee engaging focused strategies on talent management processes in order to achieve long-term performance benefits. This paper further confirms the significance of workforce engagement at the workplace, in the banking sector, where customers' interactions and organizational outcomes are heavily contingent on the motivation, commitment, and discretionary efforts of employees (Saks,2006; Rich et. al.,2010). Given the importance to the strategic connection of TM and EP through EE, this study offers clues to Nepalese banks or organizations in the developing world such as the Nepalese banks in increasing the effectiveness of their workforce.

IMPLICATIONS FOR PRACTICE

The implication of the study is that commercial banks operating in Nepal and other developing countries should practice integrated Talent Management approach which encompasses both recruitment and retention of talents, and also fostering an engagement culture. The emotional plus cognitive commitment of the employees can lead to better job performance with regards to investment in training, career development, and recognition programs. Organizations also need to focus on other engagement drivers, such as consistent feedback processes, work-life balance programs and growth opportunities to continue to keep employees engaged.

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