

The Role of Talent Management in Enhancing Employee Engagement in the Digital Era

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ABSTRACT

This study examines the role of talent management in enhancing employee engagement in the digital era. In the face of rapid technological transformation, companies must strategically empower employees to remain adaptive and engaged. The research aims to analyze the extent to which talent management practices—particularly in digital skills development, cloud-based HR systems, and digital leadership—impact employee engagement. Using a quantitative survey method, data were collected from 200 employees across digital-based companies in Indonesia. The data were analyzed using PLS-SEM, focusing on the relationship between talent management components and employee engagement indicators. The results show that talent development programs focused on digital skills significantly increase employee motivation, commitment, and sense of involvement. Additionally, the use of cloud-based technology and transparent digital leadership enhance communication, feedback, and career progression, leading to higher engagement levels. These findings highlight the importance of technology-driven talent strategies in improving organizational performance. This study contributes to human resource management literature by integrating digital transformation into employee engagement models and offers practical insights for HR managers to design adaptive, tech-based engagement strategies. Future research is encouraged to explore these relationships in different sectors and organizational scales.

Keywords: talent management; employee engagement; digital era

INTRODUCTION

The development of digital technology has fundamentally changed the way organizations operate and manage human resources. Digitalization has driven a major transformation in organizational structures, communication patterns, and work processes. In an increasingly dynamic and competitive business environment, companies are not only required to be technologically adaptive, but must also be able to manage their human resources strategically to create a sustainable competitive advantage (Ulrich et al., 2017). One of the key challenges in this digital era is how companies can maintain employee engagement amid rapid change, increasingly complex workloads, and increasing expectations for flexibility and work-life balance.

This is where talent management plays a key role. Talent management encompasses a set of strategic practices that include identifying, developing, retention, and empowering high-potential employees in the organization (Collings & Mellahi, 2009). In the digital context, these

practices are increasingly influenced by the use of technology, such as cloud-based HR information systems, e-learning platforms, HR analytics, and artificial intelligence for performance prediction. Digital transformation not only creates new challenges, but also opens up opportunities for organizations to improve the effectiveness of talent management in real-time, personalized, and data-driven ways (Minbaeva, 2020).

Employee engagement itself is a positive psychological condition characterized by enthusiasm, dedication, and active involvement of employees in work and organization (Kahn, 1990). A study by Gallup (2021) shows that companies with high *employee engagement* rates show much better performance compared to companies with low engagement. Companies with high employee engagement rates experienced a **21% increase in productivity**, a **41% decrease in absenteeism**, a **70% decrease in work accidents**, and a lower turnover rate of up to **59%**. The data shows that employee engagement has direct implications for organizational effectiveness and efficiency.

Table 1. Performance Comparison Between Companies

Performance Indicators	Companies with High Engagement	Differences compared to Low Engagement
Productivity	Higher	+21%
Attendance Rate	Lower	-41%
Work Accidents	Much lower	-70%
Employee Turnover	Much lower	-59%
Profitability	Higher	+22%
Customer Satisfaction	Higher	+10%

Source: Gallup (2021). *State of the Global Workplace: 2021 Report*. Gallup, Inc.

Therefore, it is important for organizations to understand the factors that influence engagement, especially in the ever-changing digital landscape. With the right talent management approach, companies can not only improve employee engagement, but also drive innovation, collaboration, and long-term performance.

The novelty of this research lies in its approach that highlights the integration of digital technology in talent management practices to drive engagement. Many previous studies have addressed talent management and employee engagement separately or in conventional contexts, but not many have explored how the synergies between the two work in an ever-evolving digital ecosystem. In addition, this study raises the context of digital companies in Indonesia that face unique challenges in managing human resources across generations and new work cultures.

The aim of this study was to analyze the extent to which talent management influences employee engagement in the digital work environment, as well as identify the key factors that strengthen these relationships. This research also aims to provide strategic recommendations for HR managers in designing adaptive and technology-based policies.

Practically, the benefit of this research is that it provides insights for organizations that are undergoing digital transformation to be able to maintain and increase employee engagement. Theoretically, this study enriches the literature on modern human resource management by presenting a new perspective in technology-based talent management.

Previous studies such as Collings & Mellahi (2009) have explored talent management as a strategic HR tool to attract and retain high-performing employees. Albrecht et al. (2015) emphasized the link between development programs and engagement, while Minbaeva (2020) discussed how digital tools can enhance HR practices. However, most of these studies examine talent management and employee engagement in isolation or under traditional contexts, without deeply exploring their integration in digital-based environments.

This creates a research gap, especially in understanding how technology-based talent management practices influence engagement in digital-native companies. Moreover, little attention has been paid to how digital leadership styles and tools, such as cloud platforms or real-time feedback systems, shape engagement outcomes.

The novelty of this study lies in its interdisciplinary approach, combining strategic HR management with digital transformation. It specifically focuses on Indonesian digital companies, capturing a local perspective often overlooked in global HR literature. This research explores how talent development, digital infrastructure, and leadership intersect to drive employee engagement in tech-driven workplaces.

The findings are expected to benefit both academics and practitioners. Academically, the study contributes to literature by highlighting the synergy between digital technology and HR strategy. Practically, it provides actionable insights for HR leaders aiming to foster sustainable engagement in an era of rapid technological change.

METHOD

This study uses a quantitative approach with a survey method as the main data collection technique. This approach was chosen because it was able to provide an objective picture of the relationship between talent management variables and employee engagement based on respondents' perceptions (Sugiyono, 2017). The data was collected using a closed-ended questionnaire that was shared with employees of various digital-based companies in Indonesia, such as technology startups, e-commerce, and IT companies. This study uses a 5-point Likert scale to measure each variable indicator.

The population in this study is active employees working in digital companies with a minimum working period of six months. The sampling technique used is **purposive sampling**, with the criteria of respondents involved in the company's talent management program, such as training, coaching, and career development. The targeted sample count was 100 respondents, according to the minimum standard for multiple linear regression analysis (Hair et al., 2010). Data analysis was carried out using **Partial Least Square - Structural Equation Modeling (PLS-**

SEM), as this model is suitable for testing causal relationships between latent variables and can be used even if the sample size is not large (Wong, 2013).

The research instruments were compiled based on indicators from previous literature. Talent management variables are measured based on dimensions from Collings & Mellahi (2009) such as talent acquisition, development, and retention. Meanwhile, employee engagement is measured based on indicators from Schaufeli & Bakker (2004), namely vigor, dedication, and absorption. The validity and reliability of the data were tested through outer loading, AVE (Average Variance Extracted), and composite reliability tests. The results of the analysis were interpreted to determine the extent of the influence of talent management on employee engagement in the context of digital companies in Indonesia.

RESULTS AND DISCUSSION

This research aims to identify the role of talent management in increasing employee engagement in the digital era. Based on an analysis of data collected through surveys and in-depth interviews with 200 employees from various industry sectors, several key findings emerged regarding the relationship between talent management and employee engagement.

The Influence of Employee Development Programs on Employee Engagement

Most respondents indicated that employee development programs designed to improve employees' digital skills play an important role in increasing their engagement. Training programs related to digital skills, such as the use of the latest software, data analysis, and digital project management, have been shown to increase employee motivation and commitment.

Table 2. The Influence of Development Programs on Employee Engagement

Development Program	Employee Engagement (%)	Information
Digital skills training	85%	Employees feel more confident and motivated
Program mentoring	78%	Employees feel more valued and supported
Soft skills training	65%	Higher engagement in daily work

Source : Researcher

From the table, it can be seen that digital skills training gets the highest engagement scores, with 85% of employees feeling more confident and motivated after attending the training. This shows that in the digital age, training that improves technical and digital skills can directly affect how engaged employees are in their work.

The Role of Technology in Talent Management

Research shows that the use of cloud-based technology for employee management and real-time feedback systems helps speed up communication between managers and employees. This

system facilitates more transparent career development, as well as provides easier access for employees to be involved in decision-making relevant to their duties.

The use of this technology serves as a means that supports employees to monitor their development, access self-development opportunities, and increase efficiency in the work process. This can accelerate employees' adaptation to changing business needs and motivate them to stay engaged in the company's goals.

The Impact of Digital Leadership on Employee Engagement

Digital leadership has also proven to have a great influence on employee engagement. Leaders who are able to leverage technology to manage teams, provide feedback transparently, and accommodate employees' digital career progression needs exhibit higher levels of employee engagement. Digital leadership facilitates open communication and empowerment, which underlies employee engagement in larger projects and tasks.

Table 3. The Influence of Digital Leadership on Employee Engagement

Digital Leadership Style	Employee Engagement (%)	Information
Transparent, technology-driven leadership	80%	Employees feel more valued and empowered in decision-making
Traditional leadership (less use of technology)	55%	Employees feel less involved in decision-making

Source : Researcher

Discussion

This research aims to explore the role of talent management in increasing employee engagement in the digital era. Based on the findings of data collected through surveys and interviews with 200 employees from various industry sectors, it can be concluded that proper talent management, especially through employee development and digital leadership programs, has a significant impact on employee engagement. Below, we will discuss these findings further with references from various relevant literature.

Talent Management as a Driver of Employee Engagement

Talent management, which involves the process of recruiting, developing, and empowering employees, has been shown to play a crucial role in increasing employee engagement. Employees who feel empowered through self-development programs tend to be more engaged in their work (Albrecht et al., 2015; Hidayat et al., 2025a). This research shows that training programs focused on digital skills have a great positive impact on employee engagement.

Digital skills training that involves the use of the latest software and data analysis tools, for example, not only improves employees' technical competence, but also increases their

confidence and commitment to the organization. The program is relevant to the accelerating development of technology and allows employees to stay relevant in their work (Albrecht et al., 2015). Digital training programs conducted at company X showed a significant increase in engagement, with employees who attended the training showing an increase in engagement of up to 75%, compared to those who did not participate in the training (Pratiwi & Nugraha, 2020).

In addition, research by Gallup (2017) shows that companies that provide employees with opportunities to grow through skills development programs experience greater increased engagement. These results indicate that employee empowerment through digital skills training is not only beneficial for individual development, but also brings benefits to the organization as a whole.

The Use of Technology in Talent Management

The use of cloud-based technology in talent management allows companies to collect and analyze employee performance data more quickly and efficiently. This technology supports more timely and transparent feedback, as well as provides opportunities for employees to be more involved in decision-making relevant to their work (Sutrisna et al., 2022 Hidayat et al., 2025b). In this study, the use of cloud-based technology for talent management was shown to significantly increase employee engagement.

Research by Gallup (2017) shows that organizations that use cloud-based platforms to manage employees experience higher engagement. Employees can easily access their data, monitor their career progress, as well as get feedback directly from their managers. This allows for more transparent and accountable communication between managers and employees, which is important for building strong relationships and increasing engagement (Harter et al., 2002 Hidayat et al., 2025c).

According to Zenger & Folkman (2019), technology-based leadership allows for more efficient management and allows leaders to provide more personalized and direct feedback to employees. In the context of this research, cloud-based technology allows employees to be more involved in decision-making that affects their work. For example, a real-time feedback system allows employees to immediately receive feedback regarding their performance, which increases their engagement and motivation.

Digital Leadership and Employee Engagement

Digital leadership is proven to play a very important role in improving employee engagement. Leaders who leverage technology to manage their teams, provide more transparent feedback, and accommodate employees' digital career progression needs show higher engagement rates. Research by Zenger & Folkman (2019) shows that leaders who effectively utilize digital technology can increase employee engagement by up to 50%.

Digital leadership also allows managers to provide more personalized and direct feedback to employees. In the study, it was found that leaders who use technology-based communication platforms, such as Slack or Microsoft Teams, provide employees with the opportunity to engage in discussions openly and more frequently. This facilitates a more open relationship between

managers and employees, which is essential for increasing employee engagement and commitment to the organization.

Additionally, leadership focused on employees' digital career development can strengthen their commitment to the company. Leaders who can accommodate employees' needs to thrive in their digital careers can help increase their motivation and engagement. This is in line with the theory put forward by Kotter (2012), who explains that leadership that is adaptive to technology will create higher employee engagement as they feel more valued and empowered to develop their skills.

The Impact of Employee Engagement on Organizational Performance

Employee engagement not only affects their job satisfaction, but also has direct implications for organizational performance. Engaged employees tend to be more productive, innovative, and committed to the company's goals (Harter et al., 2002; Budiwidodo, 2023). The data in this study shows that companies that manage to increase employee engagement also experience a 30% increase in productivity, which contributes to the overall performance of the organization.

According to research by Gallup (2017), high employee engagement correlates with increased productivity and company profitability. Engaged employees are more likely to contribute more to innovation, which can improve the company's competitiveness. In addition, employee engagement is also associated with higher retention rates, which is crucial in retaining the best talent in the company.

Table 5. The Influence of Employee Engagement on Organizational Performance

Employee Engagement Rate	Increased Productivity (%)	Information
Tall	30%	Employees are more productive and innovative
Low	10%	Employees are less committed to the company's goals

Source : Researcher

In this study, it was found that companies that managed to increase employee engagement also experienced significant improvements in terms of innovation and operational efficiency. Employees who feel involved in the company are more likely to contribute innovative ideas and are committed to improving existing work processes. Therefore, investing in talent management that supports employee engagement can provide long-term benefits to the company, both in terms of productivity and profits (Harter et al., 2002).

The Influence of Technology on Team Performance and Project Management

The application of technology in talent management also affects team performance and project management. With technology, such as cloud-based collaboration tools, teams can work more efficiently, share ideas faster, and complete projects more effectively. In this study, the use

of technology-based project management tools, such as Asana and Trello, showed a 40% increase in team performance compared to teams that didn't use those tools.

Technology allows teams to communicate more effectively and reduce barriers in the collaboration process. According to Schein (2017), good collaboration in a team relies heavily on clear and fast communication. The use of cloud-based technology supports this by providing a platform for real-time information sharing, allowing teams to respond more quickly to challenges and complete work more efficiently. It also increases employee engagement in the team, as they feel more connected and involved in achieving the team's goals.

Based on the results of this study, it can be concluded that talent management, especially in the digital era, has a great influence on employee engagement. Digital skills development, the use of cloud-based technology, and digital leadership are key factors that contribute to increased employee engagement. Employee engagement not only increases their job satisfaction but also has implications for better organizational performance. Therefore, companies need to invest in talent development programs that support employee engagement and leverage technology to improve the efficiency of communication and team management.

CONCLUSION

This research shows that talent management in the digital age plays a very important role in increasing employee engagement. Digital skills development programs, the use of cloud-based technology, and transparent digital leadership have been proven to increase employee engagement. Employees who feel empowered through technology training and support tend to be more engaged in their work, which has implications for increased productivity and innovation within the organization. However, challenges remain in terms of technology implementation and digital leadership adaptation that need to be continuously refined. Therefore, companies need to invest more in technology-based talent development programs and strengthen digital leadership to increase employee engagement on an ongoing basis. In the future, further research can delve deeper into the influence of talent management in other sectors that face similar challenges.

This study confirms that talent management—particularly through digital skills development, cloud-based HR technologies, and transparent digital leadership—has a significant positive impact on employee engagement in the digital era. Employees who are empowered through technological support and continuous training exhibit higher levels of motivation, commitment, and productivity. These findings underline the importance of integrating technology into HR strategies to enhance organizational performance. As a suggestion, future research should explore sectoral variations in the implementation of digital talent management and assess its long-term impact on employee retention and innovation. Companies are also encouraged to invest not only in technical tools but also in the digital readiness of their leadership to ensure sustainable engagement outcomes.

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