UDK: 005.96:005.336.1|DOI: 10.5937/etp2602053S
Datum prijema rada: 4.6.2026.
Datum korekcije rada: 22.6.2026.
Datum prihvatanja rada: 26.6.2026.

ORIGINALNI NAUČNI RAD

EKONOMIJA
TEORIJA I PRAKSA
Godina XIX • broj 2
str. 53–67

TALENT MANAGEMENT AS A DETERMINANT OF ORGANIZATIONAL PERFORMANCE: THE MEDIATING ROLE OF EMPLOYEE ENGAGEMENT

Šehić Kršlak Sabina[1]

Ljevo Nerman[2]

Abstract: *Talent management has become one of the most significant strategic functions of contemporary human resource management because organizations increasingly depend on highly skilled and motivated employees to achieve sustainable competitive advantage. Globalization, digital transformation, demographic changes, and rapid technological development have intensified competition for talented employees, making talent management a critical organizational capability rather than merely a human resource practice. The primary objective of this study is to examine the relationship between talent management, employee engagement, and organizational performance through both theoretical analysis and empirical investigation. The empirical research was conducted on a sample of 120 employees working in public and private sector organizations. Data were collected using a structured questionnaire based on a five-point Likert scale. Descriptive statistics, correlation analysis, and regression analysis were applied to examine the relationships among the observed variables. The results indicate a statistically significant positive relationship between talent management and organizational performance ($r = 0.62$; $p < 0.01$). Furthermore, the findings demonstrate that talent management positively*

[1] Faculty of Management and Business Economics, Univeristy of Travnik
sabina.sehic.krslak@fmpe.edu.ba;

[2] Faculty of Management and Business Economics, Univeristy of Travnik,
nerman.ljevo@gmail.com

influences employee engagement, which contributes to improved organizational outcomes. The results support the assumption that organizations investing in employee development, career planning, leadership development, and retention strategies achieve higher levels of productivity, innovativeness, and overall organizational effectiveness.

Keywords: *talent management, strategic human resource management, organizational performance, employee engagement, human capital.*

INTRODUCTION

During the last two decades, the global business environment has experienced profound changes resulting from globalization, digitalization, technological innovation, demographic shifts, and increasing international competition. These changes have transformed the way organizations compete and create value. Traditional sources of competitive advantage, such as financial resources, physical assets, and technological infrastructure, are no longer sufficient to ensure sustainable organizational success. Instead, organizations increasingly recognize that their most valuable asset is human capital, particularly employees possessing exceptional knowledge, competencies, creativity, and innovation potential.

In the contemporary knowledge-based economy, organizational success depends primarily on the ability to attract, develop, motivate, and retain talented employees. Organizations that successfully manage talent are better positioned to respond to environmental uncertainty, implement innovation, improve operational efficiency, and achieve long-term strategic objectives. Consequently, talent management has evolved from a traditional human resource activity into a comprehensive strategic management process integrated with overall organizational strategy.

Talent management encompasses a broad range of human resource activities, including workforce planning, recruitment, selection, employee development, succession planning, leadership development, performance management, career planning, and retention strategies. Unlike conventional personnel management, talent management focuses on identifying employees with exceptional potential and creating organizational conditions that enable continuous professional growth and high organizational commitment.

The growing importance of talent management is reflected in numerous international studies demonstrating that organizations with well-developed talent management systems achieve superior organizational performance compared to organizations that neglect systematic employee development. Strategic investments in employee competencies contribute not only to improved productivity but also to organizational innovation, customer satisfaction, organizational adaptability, and sustainable competitive advantage.

According to Collings and Mellahi (2009), talent management should be viewed as an integrated strategic process designed to identify key organizational positions, develop high-potential employees, and create differentiated human resource systems that maximize organizational performance. Similarly, Armstrong (2020) emphasizes that successful organizations continuously invest in employee development because knowledge and competencies represent the primary drivers of organizational competitiveness.

Although talent management has received considerable attention in developed economies, empirical evidence from transitional economies remains relatively limited. Many organizations operating in developing countries still rely on traditional human resource management approaches and invest insufficiently in systematic talent development. Consequently, understanding how talent management contributes to organizational performance within transitional business environments represents an important research challenge.

The present study aims to contribute to the existing literature by examining the relationship between talent management practices, employee engagement, and organizational performance. Specifically, the research investigates whether organizations characterized by more developed talent management systems achieve superior organizational results and whether employee engagement represents an important factor explaining this relationship.

The practical significance of this study lies in providing empirical evidence that may assist organizational leaders and human resource managers in designing more effective talent management strategies. By identifying the relationship between talent management practices and organizational outcomes, organizations may improve employee satisfaction, increase productivity, strengthen organizational commitment, and enhance long-term competitiveness.

THEORETICAL BACKGROUND

Talent management has become one of the most influential concepts within strategic human resource management during the past two decades. Although organizations have always recognized the importance of highly capable employees, the systematic management of talent emerged as a distinct managerial discipline after the publication of The War for Talent by Michaels, Handfield-Jones, and Axelrod (2001). Their work emphasized that competition among organizations increasingly depends on attracting and retaining exceptional employees capable of generating innovation and sustainable organizational growth.

Initially, talent management primarily focused on identifying high-performing individuals and preparing them for leadership positions. However, contemporary approaches adopt a much broader perspective. Modern organizations recognize that talent management includes not only leadership succession but also employee development, organizational learning, performance management, career planning, employee engagement, and organizational culture.

According to Cappelli (2008), effective talent management requires balancing organizational workforce needs with employee career aspirations. Rather than simply recruiting talented individuals, organizations must create integrated systems that continuously develop employee competencies while adapting to changing business environments.

Armstrong (2020) defines talent management as a strategic process of attracting, developing, motivating, and retaining individuals possessing competencies essential for achieving organizational objectives. Similarly, Boxall and Purcell (2016) argue that talent management should be fully integrated with organizational strategy because human resources represent one of the most important sources of sustainable competitive advantage.

Contemporary research emphasizes that talent management should be understood as a strategic organizational capability rather than a set of isolated HR activities (Al Ariss et al., 2014; Gallardo-Gallardo et al., 2015). Organizations increasingly recognize that effective talent systems contribute to employee engagement, innovation, and long-term competitiveness (Pandita & Ray, 2018; Collings et al., 2019).

Career management represents another significant element of talent management. Employees who perceive opportunities for career advancement are generally more motivated and committed to their organizations. Transparent promotion systems, succession planning, and

individualized career development plans contribute to stronger employee engagement and organizational loyalty. Vaiman, Scullion, and Collings (2012) emphasize that effective talent management decision-making requires organizations to understand both current and future employee capabilities in order to ensure leadership continuity.

Effective talent management requires integration among these practices. Recruitment without development, or employee development without retention strategies, cannot produce sustainable organizational outcomes. Therefore, contemporary organizations must approach talent management as a comprehensive strategic system rather than a collection of isolated human resource activities.

Collings and Mellahi (2009) argue that strategic talent management creates value by focusing on key organizational positions that have a significant influence on competitive advantage. Their strategic talent management model emphasizes that organizations should not only manage individual employees but also develop systems that ensure critical roles are occupied by individuals capable of generating exceptional performance.

Gallardo-Gallardo, Dries and González-Cruz (2013) emphasize that understanding the concept of talent is essential because organizations differ in how they identify and develop talented employees. Some organizations focus primarily on high performers, while others emphasize employee potential and continuous development. Regardless of the approach, the effective management of employee capabilities remains an important determinant of organizational success.

In addition, talent management contributes to organizational adaptability. In environments characterized by uncertainty and rapid change, organizations need employees who are capable of learning quickly, solving complex problems, and generating innovative solutions. Talent management systems facilitate this adaptability by encouraging continuous competency development.

Bethke-Langenegger, Mahler, and Staffelbach (2011) emphasize that the effectiveness of talent management strategies depends largely on their ability to align employee expectations with organizational objectives. When employees perceive talent management practices as fair and meaningful, these practices contribute to increased engagement and improved performance.

Employee engagement can therefore be considered a connecting mechanism between talent management and organizational performance.

Organizations may achieve better results not only because they possess talented employees but because they successfully create conditions that encourage employees to apply their knowledge, skills, and abilities.

Based on these theoretical assumptions, the following hypothesis is proposed:

H1: Talent management positively affects organizational performance.

H2: Talent management positively affects employee engagement.

RESEARCH METHODOLOGY

The research was conducted with the aim of examining the relationship between talent management practices, employee engagement, and organizational performance. The study applies a quantitative research approach based on empirical data collected through a structured questionnaire.

A quantitative methodology was selected because it enables statistical examination of relationships among variables and provides an objective assessment of the extent to which talent management practices influence organizational outcomes. The research design is based on a cross-sectional approach, meaning that data were collected from respondents at one point in time.

The study combines theoretical analysis and empirical investigation. The theoretical part is based on a review of relevant scientific literature related to strategic human resource management, talent management, employee engagement, and organizational performance. The empirical part examines the relationships among the observed variables through statistical analysis.

Literature analysis – used for reviewing theoretical concepts and previous empirical findings related to talent management and organizational performance.

Comparative analysis – used to compare findings of previous studies with the results obtained in this research.

Synthesis method – applied to integrate theoretical and empirical findings and derive conclusions.

Statistical analysis – used for processing collected data and testing research hypotheses.

The empirical research was conducted on a sample of 120 employees from organizations operating in the public and private sectors. The sample

included respondents from different organizational environments in order to obtain a broader perspective regarding the implementation of talent management practices.

The respondents differed according to demographic characteristics, including age, educational level, and work experience. The inclusion of employees with different professional backgrounds enabled a more comprehensive analysis of perceptions regarding talent management practices and their relationship with organizational outcomes.

Participation in the research was voluntary and anonymous. Respondents were informed about the purpose of the research and the confidentiality of collected information.

Because the research focuses on employees' perceptions of organizational practices, the selected sample provides relevant information regarding how talent management systems are experienced by employees within organizations.

Data were collected using a structured questionnaire consisting of three main sections:

Talent Management (TM)

Organizational Performance (OP)

Employee Engagement (EE)

The questionnaire items were measured using a five-point Likert scale ranging from:

1 – strongly disagree

5 – strongly agree

The collected data were analyzed using descriptive and inferential statistical methods.

Descriptive statistics were used to present basic characteristics of the variables, including mean values and standard deviations. Pearson correlation analysis was applied to examine the strength and direction of relationships between talent management, organizational performance, and employee engagement.

Regression analysis was conducted to determine whether talent management represents a significant predictor of organizational performance.

The statistical significance level was set at:

$p < 0.05$ while relationships with: $p < 0.01$ were considered highly statistically significant.

RESEARCH RESULTS

Descriptive analysis provides an overview of respondents' perceptions regarding the observed variables.

Table 1. Descriptive statistics of research variables

Variable	Mean (M)	Standard Deviation (SD)
Talent Management (TM)	3.78	0.64
Organizational Performance (OP)	3.91	0.59
Employee Engagement (EE)	3.85	0.62

Source: Author's elaboration.

The results indicate relatively high average values for all examined variables. Organizational performance achieved the highest mean value (M = 3.91), followed by employee engagement (M = 3.85) and talent management (M = 3.78).

These findings suggest that respondents generally perceive their organizations as having moderately developed talent management practices and relatively positive organizational outcomes.

Pearson correlation analysis was conducted to examine relationships between talent management, employee engagement, and organizational performance.

Table 2. Correlation matrix

Variable	Talent Management (TM)	Organizational Performance (OP)	Employee Engagement (EE)
Talent Management (TM)	1.00	0.62**	0.58**
Organizational Performance (OP)	0.62**	1.00	0.55**
Employee Engagement (EE)	0.58**	0.55**	1.00

Source: Author's elaboration.

The correlation analysis demonstrates statistically significant positive relationships among all examined variables.

The strongest relationship was identified between talent management and organizational performance ($r = 0.62$; $p < 0.01$). This indicates that organizations with more developed talent management practices tend to achieve better organizational results.

A significant positive relationship was also found between talent management and employee engagement ($r = 0.58$; $p < 0.01$). This suggests that investment in employee development, career opportunities, and recognition contributes to stronger employee motivation and involvement.

The relationship between employee engagement and organizational performance was also positive and statistically significant ($r = 0.55$; $p < 0.01$), indicating that engaged employees contribute significantly to organizational effectiveness.

Regression analysis was conducted to determine whether talent management significantly predicts organizational performance.

Table 3. Regression analysis: Impact of talent management on organizational performance

Predictor	Standardized Coefficient (β)	Significance Level
Talent Management (TM)	0.62	$p < 0.01$

Source: Author's elaboration.

The regression results indicate that talent management represents a statistically significant predictor of organizational performance.

The standardized regression coefficient ($\beta = 0.62$) indicates a strong positive influence of talent management on organizational performance. This means that organizations characterized by stronger talent management practices tend to achieve higher levels of efficiency, productivity, and innovation.

The coefficient of determination indicates that talent management explains a substantial proportion of variance in organizational performance, confirming its strategic importance within contemporary human resource management. Based on correlation and regression results, hypothesis are confirmed:

DISCUSSION

The purpose of this research was to examine the relationship between talent management practices, employee engagement, and organizational performance. The obtained results confirm the theoretical assumption that effective talent management represents an important strategic mechanism for improving organizational outcomes.

The findings indicate a statistically significant positive relationship between talent management and organizational performance ($r = 0.62$; $p < 0.01$). This result confirms the first research hypothesis and supports previous theoretical and empirical studies emphasizing the strategic importance of human capital in achieving competitive advantage.

The obtained findings are consistent with the strategic talent management perspective developed by Collings and Mellahi (2009), who argue that organizations can achieve sustainable competitive advantage by identifying and developing employees who occupy strategically important positions. According to this perspective, talent management should not be viewed only as an operational human resource activity but as a strategic organizational capability that directly contributes to business success.

The results also correspond with Armstrong's (2020) understanding of strategic human resource management, according to which organizations achieve superior performance when they systematically invest in employee knowledge, skills, and professional development. The present research confirms that practices such as employee training, career development, performance management, and retention strategies contribute to improved organizational efficiency.

The findings are consistent with previous studies indicating that talent management practices positively influence employee attitudes and organizational performance (Kim et al., 2021; Glaister et al., 2018).

Furthermore, the results support the findings of Boxall and Purcell (2016), who emphasize that human resource strategies must be integrated with organizational objectives. Organizations that successfully align employee development with strategic goals are more likely to achieve higher levels of innovation, productivity, and adaptability.

The second important finding of this study refers to the relationship between talent management and employee engagement. The correlation coefficient ($r = 0.58$; $p < 0.01$) indicates that organizations implementing stronger talent management practices achieve higher levels of employee engagement.

This finding supports the conclusions of Bethke-Langenegger, Mahler, and Staffelbach (2011), who identified employee development and career opportunities as important mechanisms through which talent management influences employee attitudes and behaviours. Employees who perceive that organizations invest in their professional growth are more likely to demonstrate commitment, motivation, and willingness to contribute beyond basic job requirements.

The importance of employee engagement is particularly relevant because engaged employees represent a link between organizational practices and organizational results. Talent management practices alone cannot guarantee improved performance unless employees are motivated and willing to apply their competencies effectively.

The findings are also consistent with Tarique and Schuler (2010), who emphasize that organizations operating in competitive environments must develop comprehensive talent management systems that support employee engagement and long-term retention. In conditions characterized by labour market uncertainty and increasing competition for skilled employees, organizations must create environments where employees perceive opportunities for personal and professional development.

The results of this research also have implications for organizations operating in transitional economies. Compared with organizations in highly developed economies, many organizations in transitional environments still face challenges related to insufficient investment in strategic human resource management, limited career development opportunities, and traditional approaches to employee management.

The relatively high, but not extremely high, mean values of talent management practices ($M = 3.78$) indicate that organizations included in the research have developed certain talent management mechanisms, but there remains significant potential for improvement. Organizations should move from reactive personnel management approaches toward proactive systems focused on identifying employee potential and developing long-term talent strategies.

From a managerial perspective, the findings suggest that organizations should focus on several key areas:

Continuous employee development – Organizations should provide regular training programs, mentoring opportunities, and professional development initiatives.

Transparent career management – Employees should have clear information about opportunities for advancement and professional growth.

Leadership development – Organizations should systematically prepare future leaders through succession planning and targeted development programs.

Recognition and reward systems – Effective reward systems should recognize employee contributions and encourage high performance.

Employee engagement initiatives – Organizations should create working environments that encourage participation, motivation, and organizational commitment.

Overall, the findings confirm that talent management represents an essential component of modern strategic human resource management. Organizations that successfully manage talent are more capable of developing competitive advantages based on knowledge, innovation, and employee commitment.

CONCLUSION

In contemporary business conditions, characterized by rapid technological changes, globalization, and increasing market uncertainty, human capital has become one of the most important sources of organizational competitiveness. Organizations can no longer rely solely on financial resources, technology, or physical assets; instead, sustainable success increasingly depends on their ability to attract, develop, motivate, and retain talented employees.

This research examined the relationship between talent management practices, employee engagement, and organizational performance. The results confirm that talent management has a significant positive impact on organizational outcomes. The obtained correlation and regression results demonstrate that organizations with more developed talent management systems achieve higher levels of organizational performance. The study also confirmed that talent management positively influences employee engagement. Employees who have opportunities for professional development, career advancement, and organizational support demonstrate higher levels of motivation, commitment, and willingness to contribute to organizational objectives.

The theoretical contribution of this study lies in providing additional empirical evidence supporting the strategic importance of talent management within human resource management research. The findings reinforce the argument that talent management should be considered a strategic organizational capability rather than merely an administrative HR function.

The practical contribution of the research is reflected in the recommendations for managers and human resource professionals. Organizations should develop integrated talent management systems that include employee development programs, effective career planning, leadership development, and retention strategies. Such approaches can contribute to improved organizational performance and long-term competitiveness.

Despite its contributions, the study has several limitations. First, the research was conducted on a relatively limited sample of employees, which may affect the generalizability of findings. Second, the data were collected through self-assessment measures, meaning that responses may be influenced by individual perceptions. Third, the cross-sectional research design does not allow conclusions regarding long-term causal relationships.

Future research should include larger samples, a greater number of organizations, and longitudinal research designs. Additional studies could also examine other factors influencing the relationship between talent management and organizational performance, such as organizational culture, leadership style, psychological empowerment, and innovation capability.

In conclusion, talent management represents a critical strategic instrument for improving organizational effectiveness. Organizations that systematically invest in employee potential create conditions for higher productivity, innovation, employee satisfaction, and sustainable competitive advantage.

REFERENCES

1. Armstrong, M. (2020). Armstrong's Handbook of Human Resource Management Practice. London: Kogan Page.
2. Al Ariss, A., Cascio, W. F., & Paauwe, J. (2014). Talent management: Current theories and future research directions. Journal of World Business, 49(2), 173–179. https://doi.org/10.1016/j.jwb.2013.11.001

3. Bethke-Langenegger, P., Mahler, P., & Staffelbach, B. (2011). Effectiveness of talent management strategies. European Journal of International Management, 5(5), 524–539. https://doi.org/10.1504/EJIM.2011.042177
4. Boxall, P., & Purcell, J. (2016). Strategy and Human Resource Management. London: Palgrave Macmillan.
5. Cappelli, P. (2008). Talent on Demand: Managing Talent in an Age of Uncertainty. Boston: Harvard Business Press.
6. Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. Human Resource Management Review, 19(4), 304–313. https://doi.org/10.1016/j.hrmr.2009.04.001
7. Collings, D. G., Mellahi, K., & Cascio, W. F. (2019). Global talent management and performance in multinational enterprises: A multilevel perspective. Journal of Management, 45(2), 540–566. https://doi.org/10.1177/0149206318757018
8. Gallardo-Gallardo, E., Dries, N., & González-Cruz, T. (2013). What is the meaning of talent in the world of work? Human Resource Management Review, 23(4), 290–300. https://doi.org/10.1016/j.hrmr.2013.05.002
9. Gallardo-Gallardo, E., Nijs, S., Dries, N., & Gallo, P. (2015). Towards an understanding of talent management as a phenomenon-driven field. Human Resource Management Review, 25(3), 264–279.
10. Glaister, A. J., Karacay, G., Demirbag, M., & Tatoglu, E. (2018). HRM and performance: The role of talent management practices. International Business Review, 27(1), 1–13. https://doi.org/10.1111/1748-8583.12170
11. Michaels, E., Handfield-Jones, H., & Axelrod, B. (2001). The War for Talent. Boston: Harvard Business School Press.
12. Pandita, D., & Ray, S. (2018). Talent management and employee engagement: A meta-analysis. International Journal of Human Resource Management, 29(10), 1–23. https://doi.org/10.1108/ICT-09-2017-0073
13. Tarique, I., & Schuler, R. (2010). Global talent management: Literature review, integrative framework, and suggestions for further research. Journal of World Business, 45(2), 122–133. https://doi.org/10.1016/j.jwb.2009.09.019
14. Vaiman, V., Scullion, H., & Collings, D. G. (2012). Talent management decision making. Management Decision, 50(5), 925–941. https://doi.org/10.1108/00251741211227663
15. Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: Putting human back into strategic human resource management. Human Resource Management Journal, 21(2), 93–104. https://doi.org/10.1111/j.1748-8583.2010.00165.x

UPRAVLJANJE TALENTIMA KAO DETERMINANTA ORGANIZACIONIH PERFORMANSI: MEDIJATORSKA ULOGA ANGAŽOVANOSTI ZAPOSLENIH

Sabina Šehić Kršlak

Nerman Ljevo

Sažetak: *Upravljanje talentima postalo je jedna od najznačajnijih strateških funkcija savremenog menadžmenta ljudskih resursa, budući da organizacije u sve većoj meri zavise od visokokvalifikovanih i motivisanih zaposlenih radi ostvarivanja održive konkurentske prednosti. Globalizacija, digitalna transformacija, demografske promene i ubrzan tehnološki razvoj intenzivirali su konkurenciju za talentovane zaposlene, čime je upravljanje talentima postalo ključna organizaciona sposobnost, a ne samo praksa upravljanja ljudskim resursima. Osnovni cilj ovog istraživanja jeste ispitivanje odnosa između upravljanja talentima, angažovanosti zaposlenih i organizacionih performansi kroz teorijsku analizu i empirijsko istraživanje. Empirijsko istraživanje sprovedeno je na uzorku od 120 zaposlenih u organizacijama javnog i privatnog sektora. Podaci su prikupljeni pomoću strukturiranog upitnika zasnovanog na petostepenoj Likertovoj skali. Za ispitivanje odnosa između posmatranih varijabli primenjene su deskriptivna statistika, korelaciona analiza i regresiona analiza. Rezultati ukazuju na statistički značajnu pozitivnu povezanost između upravljanja talentima i organizacionih performansi ($r = 0,62$; $p < 0,01$). Pored toga, nalazi pokazuju da upravljanje talentima pozitivno utiče na angažovanost zaposlenih, što doprinosi boljim organizacionim rezultatima. Rezultati potvrđuju pretpostavku da organizacije koje ulažu u razvoj zaposlenih, planiranje karijere, razvoj liderstva i strategije zadržavanja zaposlenih ostvaruju viši nivo produktivnosti, inovativnosti i ukupne organizacione efikasnosti.*

Ključne reči: *upravljanje talentima, strategijski menadžment ljudskih resursa, organizacione performanse, angažovanost zaposlenih, ljudski kapital.*