

---

## THE IMPORTANCE OF VISIONARY LEADERSHIP AND TALENT MANAGEMENT TO IMPROVE THE EMPLOYEE PERFORMANCE

Rediawan MIHARJA<sup>1\*</sup>  
Neneng HAYATI<sup>2</sup>

---

Received: June 2021 | Accepted: July 2021 | Published: August 2021

Please cite this paper as: Miharja, R., Hayati, N. (2021) The importance of the visionary leadership and talent management to improve the employee performance, *Holistica Journal of Business and Public Administration*, Vol. 12, Iss. 2, pp.93-101

---

### Abstract

*This study will identify, test and analyze the description of the Visionary Leadership variable, Talent Management variable on the Employee Performance variable at regional banks in West Java, Indonesia. This research is quantitative. This research uses descriptive method and verification method. The unit of analysis in this research is the employee. This research uses 300 people sample, and the analytical tool used is PLS-SEM. The results showed that Visionary Leadership Variable was quite good in the excellent category, Talent Management Variable was in the fairly good to very good category, and Employee Performance Variable was in the fairly good category with the very good category. The results also show that Visionary Leadership is influential and very important for Employee Performance, Talent Management is influential and very important for Employee Performance, Visionary Leadership is influential and very important for Talent Management, and Visionary Leadership is influential and very important Employee Performance through Talent Management.*

*Keywords: Visionary Leadership; Talent Management; Employee Performance; PLS-SEM*

---

### 1. Introduction

The stability of the national economy in each country will depend on the country's central bank (Kallianiotis, 2017). Indonesia has a national central bank, namely Bank Indonesia (BI). BI's role in the economy, of course, will influence the paradigm of managing a company as a business organization. The supervisory function in Indonesia is carried out by an institution called the Financial Services Authority. According to the Financial Services Authority (OJK), the development of the national banking industry was in a better condition in 2018 compared to the previous year. Thus, the regulator is confident that

---

<sup>1</sup> STIE Ekuitas, St. P. H. H. Mustafa No. 31, Bandung, Indonesia, rediawanmja@gmail.com.

\* Corresponding author.

<sup>2</sup> STIE Ekuitas, St. P. H. H. Mustafa No. 31, Bandung, Indonesia, nenenk.hayati@gmail.com.

banks this year can support the government in realizing economic growth, where banks in Indonesia have started to stretch and develop to follow the government's call for better growth. Business organizations are very dependent on the quality of human resources. Rapid changes have occurred in various sectors. This has led to changes in the role and function of human resources in an increasingly important and strategic position. Thus, changes in the role of human resources are inevitable as a result of the emergence of various phenomena in the global era.

Bank Umum Swasta Nasional (BUSN) is represented by namely 42 banks, the Bank Pembangunan Daerah (BPD) by as many as 27 banks, and the Non-Foreign Exchange BUSN group by as many as 21 banks. Then there are 12 joint-venture banks, nine foreign banks, and four state-owned banks. This proves that the competition between banks is getting tougher and becoming more competitive, especially in increasing the quality of service to the public. The OJK report states that several indicators experienced growth within the national banking industry. As of February 2018, the banking industry's total assets reached Rp 7,368 trillion, growing by 9.25 per cent on an annual basis (YoY).

Meanwhile, the total Dana Pihak Ketiga (DPK) collected by the national banking industry in the same period recorded at Rp. 5,255 trillion, growing by 8.44 per cent (YoY). Total loans disbursed by banks reached IDR 4,662 trillion in February 2018, growing 8.22 per cent (YoY).

The non-performing loan (NPL) ratio of banks as of February 2018 recorded at 2.88 per cent gross and 1.2 per cent net. The banking NPL figure is still in good condition. "NPL banking is still good because the net is still 1.2 per cent. Regulatory data also shows that the capital adequacy ratio (CAR) of national banks is very high, 23 per cent. According to the OJK, this figure shows that the banking industry national condition is solid, and resilient to crisis.

The sustainable development will depend on the extent to which the banking sector is supported. Banks can be considered the heart of the economy, managing and channelling funding for investment and budget. Thus, banks need to improve company performance so that the carry out of their intermediary function to be optimised, which in turn improves company competitiveness.

A company's competitive advantage is its competitiveness in running its business, which is referred to as company performance, built by employee performance. Performance measurement is based more on the physical aspects of resources, namely by using a financial perspective. Periodically, the company's financial statements are assessed to provide an overview of the company's performance for planning and making business decisions in subsequent periods.

Mayo (2015) states that the company performance can be assessed from a financial perspective in a very accurate manner, but actually, what drives the value of finance is HRM with all the knowledge, ideas, and innovations they have. From this statement can be implied that human resources are the core of a company, and they are the driving force

for the realization of good performance. Consequently, business success can be achieved. There is one regional bank that is interesting to research. One of these banks has a relatively stable position in the top 20. Even when compared to other regional development banks, this bank is the largest. From the results of interviews with the Human Capital department, this company indicated that there were still weaknesses in the leadership function that was not optimal, contradicting the statement that HR management, such as talent management, was good when the top and middle management had unclear leadership functions, it would have an impact on minor decision-making right. This situation will also affect employee performance. According to Rajbanshi (2020), transformational leadership can increase employee motivation. Management will impact operational risk (Kurniawan & Miharja, 2020). Sedarmayanti (2013) explains that leaders create a work climate that can make members feel motivated. As an illustration of the existing problems in weak employee performance, low job satisfaction, limited visionary leadership, limited implementation of talent management, not yet to be optimal employee engagement, and weak employee motivation variable, researchers conducted a pre-survey of employees at the company.

The results of the pre-survey above, seen that the answers of respondents about visionary leadership, talent management and employee performance stated that more than 60 per cent are in the ineffective category. Thus, visionary leadership, talent management and employee performance are still not optimal. The above considerations encourage the author to conduct research and put it in the form of scientific work. For example, previous research conducted by Hayati (2020) produced a model describing the relationship between Visionary Leadership, Talent Management, and Employee Performance, but this study included an intervening variable, namely the Employee Satisfaction variable. Therefore, in this study, the author will try to pour it into a model that differs from the views based on the results of previous researchers (Anshar, 2017; Mangusho, 2015; Manopo, 2011; Saba, Tabish, & Khan, 2017).

## **2. Theoretical framework**

### **Visionary Leadership**

According to Robbins & Judge (2015), there are four important roles for effective leadership, and at the same time serve as dimensions in visionary leadership: 1) Determinants of direction, 2) Change agent, 3) Spokesperson, and 4) Coach.

### **Talent Management**

According to Capelli (2008), the overall dimensions of talent management include 1) Employee recruitment (Recruitment), 2) Retention of employees (Retain), and 3) Employee development (Development).

### **Employee Performance**

According to Deddy & Veithzal (2011), performance is oriented to each person or employee with his achievements in the company. Employee performance is essential to achieve company goals. The dimensions used in the performance variable are based on the performance that has been set at the corporation, namely 1) Job Quantity, 2) Skills, 3) Quality of Work, 4) Cooperation, 5) Responsibility, and 6) Utilization of Work Time.

In previous research conducted by Hayati (2020), which produced a model describing the relationship between Visionary Leadership, Talent Management, and Employee Performance, an intervening variable was included, namely the Employee Satisfaction variable. Furthermore, other studies (Muhamad Anshar, 2017) observed the Relationship of Visionary Leadership and Talent Management. Moreover, according to Christine Manopo (2011), Talent Management starts from the Chief Executive Officer (CEO), because the CEO is the party responsible for leadership regeneration. In addition, the CEO plays an essential role in determining the business strategy, talent needs in the business (talent map), talent criteria, the number of talent pool levels needed, placement of talents in critical positions, and conducting individual evaluations of each talent.

According to Sahrish Saba (2017), Visionary Leadership is another element that assesses the Performance, and it also establishes a relationship to EP. Yona Sakaja Mangusho (2015) introduces the relationship between TM and EP. This study also determined that through a clear plan on career growth and development, the organization can influence employee performance.

In various studies, the following paradigm emerged:

Figure 1 Research paradigm



Source: Processed data, 2021

The figure shows the paradigm of the results of previous studies that describe the direct relationship of Visionary Leadership (VL), Talent Management, (TM) to Employee Performance (EP). First, VL directly relates to TM and EP, then VL has an indirect relationship through TM to EP. Furthermore, TM has a direct relationship to EP. The relationships summarized in this study are strategic and will directly improve the performance of the business and public administration in the companies studied. The hypotheses according to the consideration of previous research and consideration of the existing problems are:

1. There is an influence of visionary leadership on employee performance.
2. There is an influence of talent management on employee performance.
3. There is an influence of visionary leadership on talent management.
4. There is an influence of visionary leadership through talent management on employee performance.

### **3. Research method**

This study uses a direct or primary survey method using a quantitative approach. The subjects in this study were Visionary Leadership, Talent Management, and Employee Performance. The object of this research is one of the regional banks in Indonesia. The method for processing data and testing the hypotheses contained in the Theoretical Framework uses several research method concepts developed by Hair (2016). The analysis used is PLS-SEM. The analysis in this study used the SEM-PLS method so that the tools for data processing in this study used the Smart-PLS. The goodness of fit indicator in this study uses several considerations (Henseler et al., 2014).

The data processing technique used in this research uses a Likert scale. According to Sugiyono (2017), the Likert scale measures people's attitudes, opinions, and perceptions about social phenomena. With a Likert scale, the calculated variables can be translated into variable indicators. Then the indicator is used as a starting point for compiling instrument items which can be in the form of questions or statements. In this research, the questionnaire instrument was first tested, the questionnaire trial process was applied to respondents who were almost similar to the characteristics of the actual respondents. The number of respondents in the standard trial is at least 30 people (Effendi & Singarimbun, 1995). After assessing the reliability, validity and goodness of fit of the model that has been formed, the significance test was carried out on all existing samples.

The research variables used for testing are free Variable or Independent Variable (exogenous). In this study, the independent variables related to the problem under study are Visionary Leadership (X), Mediation variables are Implementation of Talent Management (Y), and bound or dependent variables (endogenous) are Employee Performance (Z).

### **4. Results**

The results of the description analysis regarding Visionary Leadership; Talent Management; Employee Performance at this company obtained the following findings, Visionary Leadership is in the good enough to the excellent category, Talent Management is in the good enough to the excellent category, and employee performance is in the good enough to good category. So far, the company often conducts training, then after the training, the subordinates perform a performance evaluation but have not conducted a

---

formal evaluation of the leadership. Therefore, in addition to evaluating subordinates, it is also essential to evaluate the leadership. However, all variables show the results of the category "good enough to good", so there is still a gap to improve it by conducting a formal and precise performance evaluation of the leadership or subordinates.

After the descriptive analysis, the verification analysis is then carried out. To obtain valid and reliable research results, the next stage carried out in this study is the testing of the instruments of each indicator variable or the variable itself. Instrument testing in this study used Smart-PLS for Outer Model Evaluation and reliability using Cronbach's Alpha. The results are valid and reliable with the following data.

Table 1 Cronbach's alpha and composite reliability

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>Composite reliability</b>
X (VL)	0,615	0,787
Y (MT)	0,756	0,861
Z (EP)	0,761	0,849

Source: Processed data, 2021.

Table 1 shows the Cronbach alpha value and composite reliability. Cronbach alpha is said to be good if  $\alpha > 0.6$ . For all the variables in Table 1, the value is more than 0.6, and all variables are declared reliable. Then based on table 1, it can be seen that the composite reliability variables X (VL), Y (MT), and Z (EP) are 0.787, 0.861, and 0.849, respectively. This value is greater than 0.7, so all of these variables are reliable.

After the outer evaluation, the next is the Inner Model evaluation:

Table 2 R-square

<b>Variable</b>	<b>R-square</b>
X (MT)	0,059
Z (EP)	0,256

Source: Processed data, 2021.

In Table 2, it can be seen that the variable Y (MT) is influenced by the variable X (VL) only 0.059 or 5.9 percent, while the rest is influenced by other factors that are not carried out in the study. It is also known that the variable Z (EP) is influenced by the variables X (VL) and Y (MT) of 0.256 or 25.6 percent, while the rest is influenced by other factors that are not carried out in the study. Furthermore, at this stage, the suitability of several nested models is checked. Model suitability is assessed using the model suitability index. The goodness of fit in testing the research model can be accepted or rejected. The consideration is that SRMR is an SRMR defined as the difference between the observed correlation and the implied correlation matrix model. According to SmartPLS (2020) and

Henseler et al. (2014), the SRMR value  $\leq 0.08$  can be said to be good fit, because in this study the SRMR value is less than 0.08, so this model can be said to be good fit. Furthermore, to see the significance in accordance with the hypothesis, the T-Statistics table below showcases the results according to existing data and variables as follows:

Table 3 T-statistics

	Direct effect		Indirect effect	
	T Statistics ( $ O/STDEV $ )	P Values	T Statistics ( $ O/STDEV $ )	P Values
X (VL) → Y (MT)	4,595	0		
X (VL) → Z (EP)	3,962	0	3,882	0
Y (MT) → Z (EP)	7,113	0		

Source: Processed data, 2021.

By paying attention to Table 3, T-Statistics, both direct effect or indirect effect, shows that all hypotheses are accepted, while the results of this study are as follows:

1. The test results prove that there is a significant influence of visionary leadership on employee performance.
2. The test results prove that talent management has a significant effect on employee performance.
3. The test results prove that there is a significant effect of visionary leadership on talent management.
4. The test results prove that there is a significant effect of visionary leadership through talent management on employee performance.

Based on the study results, visionary leadership and talent management are essential for employee performance. In a company, employees are followers of the leader. Therefore, the Visionary Leadership strategy has an impact on what employees do. Visionary leadership is essential to ensure that the follow-up of a job goes well. This visionary leadership makes a leader issue instructions to employees, but the instructions mean a long-term decision. If a leader passes unclear instructions to subordinates, it can cause delays in acquiring targets.

Based on the research results, talent management is an instrument that can improve employee performance. Talent management was exemplified by one of the existing programs in the company, namely a clear career path for employees. The target or employee performance determines the career path so that the motivation to increase the career in a company will impact employee performance. Talent management is used as support or stimulus so that employees perform well. This talent management must be clear and transparent to employees to improve employee performance and company performance.

## 5. Conclusions

After testing and observing the research results, it can be concluded that visionary leadership influences employee performance. There is an influence of talent management on employee performance, and there is an influence of visionary leadership on talent management. There is an influence of visionary leadership through talent management on employee performance. The results of data testing show little influence of visionary leadership and talent management on employee performance. It estimated that many other factors could affect employee performance. The results of data testing show little influence of visionary leadership and talent management on employee performance. The study estimated that many other factors could affect employee performance. However, with the test results, it can be suggested that visionary leadership and talent management are essential for employee performance, which will impact further the company performance. The results of the descriptive analysis show that all variables are in the "good enough towards good" category, so that the researchers provide suggestions to improve this study by conducting formal and precise performance evaluations of their leaders or subordinates. This study has research limitations due to the introduction of only the visionary leadership and talent management variables on employee performance. Suggestions for further research are directed towards adding variables or other factors that can affect employee performance in the study.

## References

- Anshar, M. (2017). The impact of visionary leadership, learning organization and innovative behavior to performance of customs and excise functional. *Ijhcmm (International Journal of Human Capital Management)*, 1(02): 52-60.
- Capelli, P. (2008). *Talent on Demand*. United States of America: Harvard Business School Publishing.
- Deddy, M., & Veithzal, R. (2011). *Leadership and Organizational Behavior*. Jakarta: Raja Wali Pers.
- Singarimbun, M., & Effendi, S. (1995). *Survey research methods*. Jakarta: LP3ES.
- Hair Jr, J. F., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Sage publications.
- Hayati, N. (2020). The Influence of Visionary Leadership, Talent Management, Employee Engagement, And Employee Motivation to Job Satisfaction and Its Implications for Employee Performance All Divisions of Bank Bjb Head Office. *International Journal of Scientific & Technology Research*, 9(3): 528-533.
- Henseler, J., Dijkstra, T. K., Sarstedt, M., Ringle, C. M., Diamantopoulos, A., Straub, D. W., Calantone, R. J. (2014). Common beliefs and reality about PLS: Comments on Rönkkö and Evermann (2013). *Organizational research methods*, 17(2): 182-209.
- Kallianiotis, J. N. (2017). Central Banks, Monetary Policy, and their Efficiency: Chapter. 1. In H Ward (ed.) *Monetary Policy: Perspectives, Strategies and Challenges*. New York: Nova Science Publishers.
- Kurniawan, G. I., & Miharja, R. (2020). Risk Management Process And Risk Scheduling Mapping With Pert/Cpm In Karsa Mandiri Utama Garment Company. *European Journal of Molecular & Clinical Medicine*, 7(2): 5417-5424.



- Mangusho, Y.S., Murei, R.K., Nelima, E. (2015). Evaluation of Talent Management on Employees Performance in Beverage Industry: A Case of Delmonte Kenya Limited. *International Journal of Humanities and Social Science*, 5(8): 191-199.
- Manopo, C. (2011). *Competency Based Talent and Performance Management System*. Jakarta : Salemba Empat, 2011
- Mayo, H.B. (2015). *Basic finance: an introduction to financial institutions, investments, and management*. Cengage Learning.
- Robbins, S., & Judge, T. A. (2015). *Organizational behavior*. Jakarta: Salemba Empat.
- Rajbanshi, B. (2020). Impact Of Laissez-Faire, Transactional And Transformational Leadership. *JBFEM*, 3(2): 55-68. <https://doi.org/10.32770/jbfem.vol355-68>
- Saba, S., Tabish, A., & Khan, A. B. (2017). Role of Visionary Leadership in the Performance of the Employees at a Workplace: Moderating Effect of Organizational Citizenship Behavior. *Australasian Journal of Business, Social Science and Information Technology*, 3(2): 62-70.
- Sedarmayanti, S. (2013). Analysis of Employee Work Motivation at the Regional Personnel Agency of Malinau Regency, East Kalimantan Province. *Jurnal Ilmu Administrasi: Media Pengembangan Ilmu dan Praktek Administrasi*, 10(1): 110-131.
- SmartPLS. n.d. "Goodness Of Fit" Accessed May 15, 2021. <https://www.smartpls.com/documentation/algorithms-and-techniques/goodness-of-fit>.
- Sugiyono. (2017). *Combination Research Methodology*. Bandung : Alfabeta, CV.