

The Role of Competitive advantage in the Relationship between Talent Management and Knowledge Management on Organizational Performance

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ABSTRACT: This study is analyzing the role of competitive advantage in relationships between talent management and knowledge management on organizational performance. The method used is descriptive verification method of quantitative analysis, with stages of research literature studies, surveys and questionnaires for employees of Sharia Bank Indonesia with the purposive random sample of respondents got 105 respondents. The technique of this research is used SEM analysis. The results of this study show that talent management and knowledge management have a significant influence on competitive advantage and organizational performance, so did competitive advantage influences organizational performance in Sharia Banks in Indonesia.

KEYWORDS: talent management, knowledge management, competitive advantage, organizational performance

I. INTRODUCTION

The country of Indonesia as a majority Muslim population has long been waiting for the presence of a financial institution system that suits the demands of the needs not only financially, but also demands its morality. The Bank system referred to is a banking that is free from the practice of interest, which is called a Sharia Bank, also called the Islamic Bank. Islamic financial institutions are now widely known in Indonesia. Among the Islamic financial institutions that have experienced quite rapid development are Islamic banking, Islamic insurance and Islamic cooperatives.

However, with the presence of a free market, the level of competition in the Islamic banking industry is high. In this case, Islamic Commercial Banks must have the power to advance in facing any challenges or competition. Several factors that determine the success of the performance of a Sharia Commercial Bank in the face of such competition are the competitiveness of the company and Human Resources (HR) who have the right talents and knowledge.

Because it is known, that competitive advantage is the advantage obtained through the application of competitive strategies that aim to build a profitable and sustainable position on market forces that determine industry competition (Lancaster (2004). Logically it can be stated that companies that perform high, means that they have competitiveness. This is also strengthened by several research results which state that competitive advantage has a significant relationship with organizational performance (Majeed, 2011; Ahmad Nahar Al-Rfou, 2012; Agha, et.al., 2012; Nurlina and Darsono, 2017).

Likewise, Human Resources (HR) who have the right talents and knowledge are important factors in an organization to get good performance. The success of the organization does not only include the good financial management system of the organization, the amount of profits earned by the organization, or the extent of the organization's current network. Organizational success is also determined by success in managing human resources in this case is a good and reliable employee who is able to optimize performance.

For the success of the organization, several organizations have made several efforts, among others, the management of talent and organizational learning on the human resources. Because as is known Talent management is a goal-oriented process which is an integration of the planning, recruitment, development, management and compensation of employees (Dessler, 2016). Based on research conducted by The Office of Talent Management and Organizational Development (2010), talent management is an organizational human resource process arrangement designed to attract, develop, motivate, and retain productive workers who are engaged.

As stated earlier in addition to talent management, knowledge management is also one of the determinants of performance in an organization. This is supported by several studies which state the relationship between talent management and competitive advantage and performance (Ramadan, 2012; Ahmed, 2016; Al-Hadid and Al-Salhi, 2017; Auranzeb and Bhutto, 2016; Arif and Uddin, 2016; Devi, 2017 ; Najm and Manasrah, 2017), Research by Chien, et.al., (2015), Rahman & Hasan (2017), Keat and Lin (2017), Nurlina and Darsono (2017), Nuryanti, et.al., (2017) also shows that the Knowledge Management component has a significant relationship with competitive advantage and organizational performance.

In relation to the above conditions, it can be concluded that the cause of the problem of organizational performance is due to issues related to competitive advantage, Talent management and knowledge management. Prior research studies indicate that various research settings and present different results about the factors or components which affect organizational performance and competitive advantage. Research gap is a major reason for researchers to examine more deeply the factors or components that affect the level of performance and competitive advantage.

II. LITERATURE REVIEW

1. Talent Management

Talent management has many meanings, many approaches and a lot of understanding. Talent management can be described as a broad, complete activity to develop a group of people with the highest profession in the organization through integrated development, which should be carried out by relevant leaders in the company, related to the activities of talented employees, selecting them, developing them and maintaining them (Pella and Inayati, 2011) Talent management can also be interpreted as a process to ensure the ability of the company to fill key positions of the company's future leaders (company future leaders) and positions that support unique core competency (unique skills and high strategic value) (Tusang & Tajuddin, 2015).

Another meaning is that talent management is a process that is carried out to ensure that key positions within the company can be filled internally by way of first, establishing a talent development group consisting of a group of high-skilled and qualified human resources companies (talent pool) (Mangusho, et. al, 2015)

According to Mangusho et.al (2015), talent management synergizes with other management functions such as talent management can be used to manage low employee performance through awarding and recognizing employee performance. Talent management can also be used to develop employee performance that can be categorized as low through training and development programs. There are three measurements from talent management according to Capelli (2008):

1. Recruitment is the process of searching and selecting employees who are considered to be able to fill positions needed in the company.
2. Retain is a process aimed at retaining talented employees in the company.
3. Developing is a process intended to develop employee talents in order to improve abilities and performance.

2. Knowledge Management

Armstrong (2009) defines knowledge management as every process or practice of creating, acquiring, capturing, sharing, and using knowledge to improve organizational learning and performance. Knowledge management refers to the way the organization handles knowledge at various stages of its life in an organization. There are four main processes: knowledge discovery, knowledge capture, knowledge sharing, and knowledge application (Becerra-Fernandez and Sabherwal, 2010).

Knowledge management measurement according to Becerra-Fernandez and Sabherwal (2010) consists of:

1. Knowledge Discovery can be defined as the development of quiet or explicit knowledge of information data or from the synthesis of prior knowledge.
2. Knowledge Capture can be defined as the process of taking knowledge either explicit or tacit which is in the person (individual or group), artifacts (practices, technologies, or repositories) or organizational entities
3. Knowledge Sharing is the process by which explicit or secret knowledge is communicated to other individuals.

3. Competitive Advantage

Definition of competitive advantage was proposed by several experts. Porter (2008) stated that competitive advantage as the ability of a company to achieve economic benefits over the profit that can be achieved by competitors in the market in the same industry. Companies that have competitive advantages always have the ability to understand changes in market structure and are able to choose effective marketing strategies

Furthermore Sampurno (2010) explained that competitive advantage is "Ability, assets, skills, capabilities and others that enable companies to compete effectively in the industry" While Kotler and Armstrong (2014) define competitive advantage as an advantage to competitors obtained by offering value lower or provide greater benefits because the price is higher.

The author defines a competitive advantage that is the company's ability to determine strategies or opportunities that benefit the company and are not easily replicated by its competitors by conducting innovation strategies, improving quality and reducing cost strategies. The indicators that can be used to measure competitive advantage according to Porter (2008) consist of quality improvement, innovation and cost reduction.

4. Organizational Performance

Organizational performance is the totality of work achieved by an organization the achievement of organizational goals means that, the performance of an organization can be seen from the extent to which the organization can achieve goals based on the goals that have been set beforehand (Surjadi, 2009). According to Mahsun (2013), organizational performance is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization contained in the strategic planning of an organization.

From some of the definitions above, it can be concluded that performance is an achievement or work result in activities or activities or programs that have been planned in advance to achieve the goals and objectives set by an organization and carried out within a certain period.

The performance indicator according to Mahsun (2013: 71) is as follows:

1. Input is everything that is needed so that the implementation of activities can run to produce output.
2. Process, in the process indicator, the organization formulates the size of the activity, both in terms of speed, accuracy and accuracy of the implementation of the activity.
3. Output is expected to be achieved directly from an activity that can be physical or non-physical.
4. Outcomes are things that reflect the functioning of output activities in the medium term (direct effect).
5. Benefit is those related to the ultimate goal of carrying out activities.
6. Impact is the effect caused both positively and negatively.

III. RESEARCH METHODS

The type of research used in this study is descriptive research. Descriptive research is used to analyze data by describing data that has been collected as it is without intending to make conclusions that apply to the public and generalization. The data obtained will be analyzed and interpreted in accordance with the research objectives. Verification research in this research is used to test the hypothesis in accordance with the purpose of research, verification research basically wants to test the truth of a hypothesis implemented through data collection in the field.

The unit of analysis in this study is Sharia Bank Indonesia. For this study the population used is employees of Sharia Bank Indonesia with the purposive random sample of respondents got 105 respondents. This research requires a data analysis and interpretation that will be used to answer research questions to uncover certain social phenomena. So the data analysis is the process of simplifying the data into a form that is easier to read and interpret. The model to be used in this research is the path analysis and to test the proposed hypothesis, the analysis technique used is SEM analysis.

IV. RESULTS AND DISCUSSION

1. Result

An assessment of the overall fit of a model can be performed using the goodness of fit indicators.

Table 1 Overall Fit Empirical Model

No	Indicators	Cut-off	Calculate	Conclusion
1	Chi-Square	< 279,287 df 242	243,10	Good
2	Probability	≥ 0.05	0,2	Good
3	RMSEA	≤ 0.08	0,056	Good
4	GFI	≥ 0.90	0,838	Marginal
5	AGFI	≥ 0.90	0,795	Not good
6	CMIN/df	≤ 2,00	1,328	Good
7	TLI	≥ 0.95	0,951	Good
8	CFI	≥ 0.95	0,958	Good

Of the 8 indicators, 6 indicators are good the rest states that the model has a good fit. So from this it can be concluded that the model has a good fit. The cut off value of the determination of fit model is if from 8 criteria at least six criteria stated fit. Hypothesis testing of this research is done based on Critical Ratio (CR) value of a causality relationship from SEM processing. To test the acceptance of the research hypothesis as previously proposed, it will then be discussed based on the following SEM results.

Based on the analysis of SEM, causal relationships between variables can then test the hypothesis described as follows

Table 2.Result of Analysis SEM

Variables	Path Coefficients	CR	Prob.	Detail
Talent management -----	0,411	3,788	****	Significant

>competitive advantage				
Knowledge management ----->	0,532	5,021	****	Significant
>competitive advantage				
Talent management ----->	0,295	2,388	0,017	Significant
Organizational Performance				
Knowledge management ----->	0,331	2,516	0,012	Significant
Organizational Performance (Y3)				
Competitive advantage (Y1) -----	0,330	2,052	0,040	Significant
--> Organizational Performance				

Source: Primary data processing

Results of empirical model data processing are shown in Figure 1

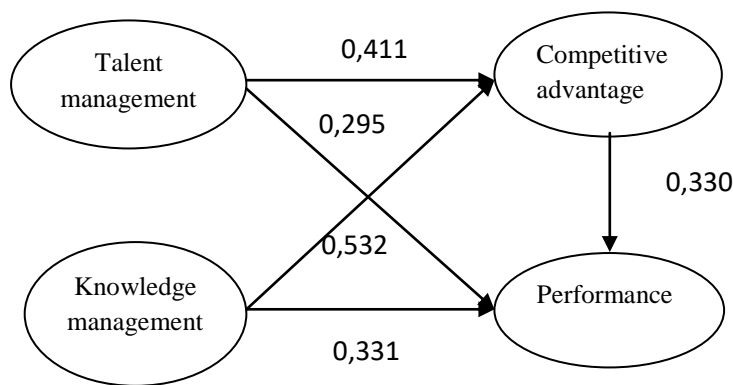


Figure 1. Empirical Model

To see the effect of both independent variables on the dependent variable, hypothesis tests are done by looking at the value of significance of each variable. If the t-value > t-table (Table of significance 5% = 1.96), then the hypothesis that stated there is the influence of independent variables on the dependent variable can be accepted. Testing hypotheses one to five based on Figure 1 and table 2 can be explained as follows:

1. The result of SEM analysis shows that the variable path of talent management to the competitive advantage coefficient is 0.411. The nature of the positive influence is significant, this is indicated by the CR count = 3.788 and the value of p = 0.000. P value is less than 0.05, meaning that there is a positive and significant influence from talent management on competitive advantage. This means that the better the talent management, the better the competitive advantage.
2. The result of SEM analysis shows that the knowledge management variable path coefficient of the competitive advantage is 0.532, this is shown by the calculated CR value = 5.021 with p = 0.000 This means that there is a positive influence of knowledge management variables on competitive advantage.
3. The result of SEM analysis shows that the path variable of the talent management for performance is 0.295. The effect that occurs is significant, this is shown by the CR value = 2.338 and p = 0.017. This shows that the better the talent management, the better the organizational performance.
4. The result of SEM analysis shows that the path coefficient of knowledge management variables on performance is 0.331. The effect that occurs is significant, this is shown by the CR value = 2.516 with a value of p = 0.012. This shows that the better the knowledge management, the higher the organizational performance.
5. The result of SEM analysis shows that the estimated value of the path coefficient of competitive advantage against performance is 0.330. The effect is significant. Based on the significance test obtained C.R value calculated = 2.052 and p = 0.040. This means that the better the competitive advantage, the higher the performance of the organization.

1. Discussion

1.1. Effect of Talent Management on competitive advantage

Based on result of study there is a significant and positive influence of Talent Management on competitive advantage. Its mean hypothesis which stated Talent Management has significant and positive effect to competitive advantage acceptable. This study supports previous studies which suggest that Ramadan (2012), Ahmed (2016), Al-Hadid dan Al-Salhi (2017) stated that talent managements have significant effect to competitive advantage.

1.2. Effect of Knowledge management on competitive advantage

Based on result of study there is a significant and positive influence of Knowledge management on competitive advantage. Its mean hypothesis which stated Talent Management has significant and positive effect to competitive advantage acceptable. This study supports previous studies which suggest by Nurlina and Darsono (2017), Nuryanti, et.al., (2017) stated that Knowledge management have significant effect to competitive advantage.

1.3. Effect of Talent Management on Performance

Based on result of study there is a significant and positive influence of Talent Management on performance. Its mean hypothesis which stated Talent Management has significant and positive effect to performance acceptable. This study supports previous studies which suggest that Auranzeb and Bhutto (2016), Arif and Uddin (2016), Devi (2017), Najm and Manasrah (2017) stated that talent management have significant effect to employee performance.

1.4. Effect of Knowledge management on Performance

Based on result of study there is a significant and positive influence of Knowledge management on performance. Its mean hypothesis which stated Knowledge management has significant and positive effect to performance acceptable. This study supports previous studies which suggested by Chien, et.al., (2015), Rahman & Hasan (2017), Nurlina and Darsono (2017), Nuryanti, et.al., (2017) that stated that Knowledge management have significant effect to employee performance.

1.5. The Effect of competitive advantage on Performance

Based on result of study there is a significant and positive influence of competitive advantage on Performance. Its mean hypothesis which stated competitive advantage has significant and positive effect to Performance acceptable. This study supports previous studies which suggest by Majeed, (2011), Ahmad Nahar Al-Rfou, (2012), Agha, et.al., (2012), Nurlina and Darsono (2017) who stated that competitive advantage have significant effect to Performance.

From the analysis and comparison with some of the results of previous studies it can be concluded that the application of appropriate talent management in utilizing company resources will form an Knowledge management and strong competitive advantage that is used to produce good performance. This study found a positive relationship between talent management, knowledge management, competitive advantage and performance. Strategies to obtain and utilize valuable, rare, difficult to imitate and have a Knowledge management will bring strong competitive advantage, and when that can be maintained, good performance will emerge. In other word, this study has several important findings. First, the results demonstrated that talent management is positively related both to competitive advantage and organisational performance. It has been observed that talent management show empathy, consideration and support for employees, which helps employees improve the organization's competitive advantage and achieve better organizational performance. Further still, knowledge management has had a significant contribution both to competitive advantage and performance of Sharia Bank. In this study, knowledge management is identified as a linking mechanism that explains how the effects of managing talent practices are passed on to influence organizational performance. The practices of managing talent have therefore led to the establishment of knowledge management initiative among all other employees within the organization that exerts a significant influence over competitive advantage and organizational performance. To conclude, managing talent development and knowledge management are seen as two important factors in driving competitive advantage and the organizational success of Sharia Bank in Indonesia.

V. CONCLUSION

From result can be stated that all variabel such as Talent management, knowledge management have significant relationship on competitive advantage and performance, also competitive advantage have significant relationship on performance. It's mean in order to ensure optimal performance in organization, competitive advantage, Knowledge management and good talent managements are essential

The findings of this study are useful for policymakers and top management to address knowledge management among employees by implemented good management to improve organizational performance. Future research could utilise this study's model to examine the correlation between performance, competitive advantage, Knowledge management and talent management on a broader scale, namely in other methods, and other analysis unit strengthen generalisability of these findings.

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