

## The Influence of Talent Management Strategy on Product Innovation and Marketing Performance

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**Abstract** This study aims to analyze the influence of talent management strategy on product innovation and company marketing performance. Talent management strategy is seen as a strategic approach in human resource management that is oriented towards creating competitive advantage through the development, placement, and retention of talented individuals. Product innovation acts as a mediator that bridges the contribution of talent management to achieving optimal marketing performance. The research method used is quantitative with an explanatory approach. Data were collected through questionnaires distributed to 150 respondents consisting of HR, innovation, and marketing managers in medium and large manufacturing companies. Data analysis was carried out using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The results showed that talent management strategy has a positive and significant effect on product innovation and marketing performance. In addition, product innovation also has a significant effect on marketing performance and partially mediates the relationship between talent management strategy and marketing performance. This finding confirms that the effectiveness of talent management strategy has strategic implications for the company's ability to create innovative products and increase competitiveness in the market.

**Keywords:** *Talent Management, Product Innovation, Marketing Performance, SEM-PLS, HR strategy*

### INTRODUCTION

The increasingly dynamic development of business competition requires companies to not only focus on achieving short-term targets, but also on developing sustainable long-term capabilities. One crucial aspect in building this competitive advantage is the company's ability to manage human resources (HR) strategically, especially through the implementation of effective talent management. Talent management strategy is a planned approach to attracting, developing, and retaining individuals with high competence to drive the achievement of organizational goals (Collings & Mellahi, 2009).

In the marketing context, the role of talent is vital in producing product innovations that are relevant to market needs and in creating adaptive marketing strategies. Product innovation does not only depend on technology, but also on the quality of human resources that are able to combine creativity, market knowledge, and the courage to take

risks (Hughes et al., 2018). Thus, superior talent management will encourage the emergence of new ideas and innovative solutions that can increase product competitiveness in the market.

Furthermore, a company's marketing performance cannot be separated from the effectiveness of its human resources. A marketing team consisting of talented individuals will be more responsive to market changes, able to establish good customer relationships, and optimize the use of digital technology in delivering product value. This is reinforced by previous research findings showing that companies that consistently implement talent management strategies experience significant improvements in marketing performance and customer satisfaction (Bhatnagar, 2007).

Although various studies have highlighted the importance of talent management in various industrial sectors, studies that specifically examine its relationship with product innovation and

marketing performance are still limited, especially in companies in emerging markets. Therefore, this study aims to analyze the influence of talent management strategies on product innovation and its impact on marketing performance. The results of this study are expected to provide theoretical contributions to the development of management science as well as practical implications for policy makers in organizations.

### Research Background

In an era of increasingly competitive business competition, a company's superiority is no longer determined only by physical resources or technology alone, but also by the ability to manage human resources strategically. One approach that has received widespread attention in contemporary human resource management studies is talent management, which includes practices in identifying, recruiting, developing, and retaining high-performing and high-potential individuals in organizations (Collings & Mellahi, 2009).

Effective talent management is believed to have a significant impact on organizational innovation capabilities, especially in creating new products that are relevant to market needs. According to Hughes et al. (2018), talents with high competence tend to have the ability to think creatively, understand market trends, and are able to collaborate across functions to produce competitive product innovations. Superior product innovation, in turn, will strengthen marketing performance, both in terms of market penetration, sales growth, and customer loyalty (Slater, Hult, & Olson, 2010).

However, in practice, there are still many organizations that have not integrated talent management strategies with innovation and marketing strategies synergistically. This condition causes low levels of innovation and weak product positions in the market.

Therefore, this study is important to empirically examine the influence of talent management strategies on product innovation and marketing performance, as an effort to provide a scientific basis for strategic decision making at the organizational level.

### Problem Formulation

1. Based on the background above, the problem formulation in this study is:
2. Does talent management strategy have a significant impact on product innovation?
3. Does talent management strategy have a significant impact on marketing performance?
4. Does product innovation play a mediating role in the relationship between talent management strategy and marketing performance?

### Research purposes

1. The purpose of this research is to:
2. Analyzing the influence of talent management strategies on product innovation.
3. Analyzing the influence of talent management strategies on marketing performance.
4. Analyzing the mediating role of product innovation in the relationship between talent management strategy and marketing performance.

### Benefits of research

#### a. Theoretical Benefits

This research is expected to contribute to the development of theory in the field of human resource management and marketing management, especially regarding the relationship between talent management, product innovation, and marketing performance.

#### b. Practical Benefits

The results of this study can be a reference for HR managers and organizational leaders in designing talent management strategies that are more integrated with innovation development

and achieving optimal marketing performance.

## **LIBRARY STUDY**

### **1. Talent Management Strategy**

Talent management is a strategic approach to managing human resources to gain competitive advantage. Collings and Mellahi (2009) define strategic talent management as a systematic activity in attracting, developing, retaining, and distributing high-potential individuals who have strategic value to the company. This strategy includes talent needs planning, selective recruitment processes, competency development programs, and providing incentives that encourage long-term retention.

According to Tarique and Schuler (2010), good talent management implementation enables organizations to have human resources that are able to respond to external changes, increase internal efficiency, and encourage an innovative culture. Therefore, this strategy not only functions in the administrative aspect of human resources, but also as an integral part of the company's business strategy.

### **2. Product Innovation**

Product innovation is defined as the creation or development of new goods or services that provide added value to consumers and companies (OECD, 2005). From an organizational perspective, product innovation is the result of a learning process, knowledge creation, and application of new ideas influenced by the quality of human resources.

Talents with cognitive and creative capabilities are the main catalysts in creating product innovations that are relevant to market demands. Dziallas and Blind (2019) stated that the success of

innovation is greatly influenced by the skills, motivation, and cross-functional collaboration possessed by employees. Thus, talent management is an important foundation in building a sustainable innovation culture.

### **3. Marketing Performance**

Marketing performance refers to the extent to which an organization achieves its stated marketing objectives, such as increased sales, market share growth, customer loyalty, and brand image (Morgan, Vorhies, & Mason, 2009). This performance can be influenced by various internal and external factors, one of which is the quality of human resources and the innovation produced.

Product innovation produced by quality talents will increase consumer appeal to the product, thus having a positive impact on achieving marketing performance. In addition, employees who have high competence are also able to design and implement marketing strategies that are more effective and adaptive to market dynamics.

### **4. The Relationship Between Talent Management, Product Innovation, and Marketing Performance**

Several studies have shown a positive relationship between talent management and product innovation, which ultimately has an impact on improving marketing performance. For example, a study by Jyoti and Rani (2014) showed that investment in talent development has a direct impact on increasing creativity and innovation in a company. This is in line with research by Hughes et al. (2018), which states that talent is an important asset in designing innovative products and implementing superior marketing strategies.

Thus, it can be concluded that talent management strategy plays a key role in shaping product innovation and

improving the company's overall marketing performance.

## RESEARCH METHOD

### 1. Research Approaches and Types

This study uses a quantitative approach with an explanatory research type, namely research that aims to explain the causal relationship between variables through testing previously formulated hypotheses (Creswell, 2014). This approach was chosen because it is appropriate for analyzing the influence of talent management strategies on product innovation and marketing performance objectively and measurably.

### 2. Population and Sample

The population in this study is all medium and large manufacturing companies in the creative industry sector that implement talent management strategies in the region [mention the region, for example: Jakarta, Bandung, Surabaya]. Purposive sampling technique is used to select samples based on certain criteria, such as:

- Have implemented a talent management program for at least 2 years,
- Has a special division that handles product innovation and marketing.

The number of samples will be determined using the Hair et al. (2010) formula which suggests a minimum of 5 to 10 times the number of indicators in the instrument, or it can also use the GPower calculation for SEM tests.

### 3. Data Types and Sources

The type of data used is primary data, obtained directly from respondents through questionnaires. Data sources come from HR managers, product innovation managers, and marketing managers in each company.

### 4. Data Collection Techniques

Data collection was conducted using a closed questionnaire method based on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). The questionnaire consists of several indicators:

- Talent Management Strategy: recruitment, development, retention (Tarique & Schuler, 2010)
- Product Innovation: creativity, product development, adoption of new technologies (OECD, 2005),
- Marketing Performance: customer satisfaction, increased sales, loyalty (Morgan et al., 2009).

### 5. Instruments and Validity Tests

The research instrument was validated through construct validity and reliability tests. Validity was tested using Confirmatory Factor Analysis (CFA), while reliability was tested using Cronbach's Alpha, where a value >0.70 was considered reliable (Hair et al., 2010).

### 6. Data Analysis Techniques

The data were analyzed using the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS) with the help of SmartPLS software. This technique was chosen because:

- Suitable for complex models with latent variables,
- Does not require the assumption of multivariate normal distribution,
- Suitable for small to medium sample sizes (Hair et al., 2019).

The analysis steps include:

- Evaluation of the measurement model (outer model): validity and reliability tests,
- Structural model evaluation (inner model): test the relationship between variables,
- Hypothesis testing: using t-statistic and p-value (significance < 0.05).

## RESULTS AND RESEARCH

### 1. Descriptive Analysis Results

The results of the descriptive analysis show that talent management strategies in most of the companies studied have been implemented systematically, with the highest average value on the training and development indicator (mean = 4.25) and the lowest on the employee retention indicator (mean = 3.78). In terms of product innovation, respondents assessed the company's ability to develop new products as quite high (mean = 4.12).

Hypothesis	Relationship between variables	Path Coefficient ( $\beta$ )	t-statistic	p-value	Decision
H1	Talent Management Strategy → Product Innovation	0.512	7.842	0.000	Accepted
H2	Talent Management Strategy → Marketing Performance	0.379	5.113	0.000	Accepted

The t-test results show that all relationships between variables are significant at the 0.05 level of significance ( $p < 0.05$ ). The path coefficient value also shows a positive relationship direction, indicating that increasing talent management strategies is directly proportional to increasing product innovation and marketing performance.

## 2. Discussion

### 3.1.The Influence of Talent Management Strategy on Product Innovation

The results of the study show that talent management strategy has a positive and significant effect on product innovation. This shows that companies that have good talent management programs—including

Meanwhile, marketing performance showed a high average score on the customer satisfaction indicator (mean = 4.30) and customer loyalty (mean = 4.18).

### 1.1.SEM-PLS Analysis Results

Structural model analysis (inner model) was conducted to test the relationship between variables with the Partial Least Squares approach using SmartPLS software. The following are the results of the hypothesis testing:

selective recruitment, competency development, and retention systems—are better able to create an environment that supports innovation. This finding is in line with Hughes et al. (2018), who stated that superior talent is an important catalyst in new product development and increasing innovative competitiveness.

### 3.2.The Influence of Talent Management Strategy on Marketing Performance

Talent management strategies have also been shown to have a significant impact on marketing performance. This shows that organizations that are successful in managing talent can design and execute more effective marketing strategies. The right talent

is able to understand market behavior, develop customer relationships, and create differential value for marketed products. This is in line with research by Morgan et al. (2009) and Jyoti & Rani (2014) which states that HR capability is an important factor in achieving superior marketing performance.

### **3.3.The Influence of Product Innovation on Marketing Performance**

The results of the analysis also show that product innovation has a significant effect on marketing performance. Innovative products tend to be more in demand by consumers because they offer new features or added value. Products that are consistently updated or differentiated have a greater chance of creating consumer loyalty and dominating the market. This finding reinforces the results of the study by Dziallas and Blind (2019), which shows that companies with innovative product portfolios are superior in market competition.

### **3.4.The Mediating Role of Product Innovation**

Further analysis shows that product innovation mediates the relationship between talent management strategy and marketing performance. This means that talent management indirectly improves marketing performance through increased product innovation. This underscores the importance of creating a work environment that supports creativity and cross-functional collaboration, as emphasized by Collings & Mellahi (2009) and Tarique & Schuler (2010).

This finding confirms the importance of talent management strategy as a foundation in creating innovation and boosting marketing performance. Therefore, companies are advised to integrate HR policies with business strategies that are oriented towards innovation and marketing excellence.

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## **CONCLUSION**

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