

## THE EFFECT OF DIGITALIZATION OF COMPANY SYSTEMS ON EMPLOYEE PERFORMANCE WITH TALENT MANAGEMENT AS A MODERATING VARIABLE

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### Abstract

This research is quantitative research with an exploratory approach, namely an approach that uses a number of previous studies as a fundamental foundation to strengthen the argumentation construction in this. The data used in this research is primary data obtained from Maspion employees throughout Indonesia. The data in the research were analyzed using the smart PLS 4.0 analysis tool. The result in this article show that the researcher's assumptions used as hypotheses are acceptable because the P-Values are below 0.05, namely 0.005 and lead to positive. This is due to the simplicity of the system, ease of completing work, and other things that employees feel as a result of the digitalization of the company's system. This is in line with previous research. Apart from that, the second hypothesis in this research can also be proven because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. This means that good talent management can produce and maintain good quality human resources, can use technology well, can take advantage of good digitalization of the Company's systems, and will have a good impact on employee performance. Thus the first and second hypotheses in this article can be proven.

**Keywords:** Digitalization Of Company Systems, Employee Performance, Talent Management

### INTRODUCTION

Digitalization is a transformation process that changes properties that were initially physical and then turned into virtual or digital forms. It should be remembered that digitization does not aim to erase the position of original documents but to adapt to technological advances. However, the authenticity of the original documents is

maintained and stored as archives (Putri, Bahas, and Yamit 2022). Technology comes from the Greek word *Techlonologia*. Webster's Dictionary defines technology as the systematic processing or handling of something. The word technology comes from the term "techne" which means skills, expertise and knowledge. According to Roger in (SULISTYO 2022), technology is a design or design of action aids that aims to reduce uncertainty by determining cause and effect relationships to achieve the expected results.

Jacques Ellul, as explained by (Susanto 2022), Technology is a collection of steps that logically lead and have efficiency in human activities. Gary J. Anglin states that technology involves the application of behavioral sciences, natural sciences and other knowledge in a structured way to solve problems (Rokom Ministry of Health 2022). According to (Rokom Ministry of Health 2022), digital technology advances because of the results of human reason, thoughts and intelligence which can be seen in the development of science. Also, this development provides benefits in various aspects of human life.

According to Westerman (2011), digitalization is the use of technology with the intention of significantly increasing the scope or performance of an executive company. The application of digitalization aims to change interactions with customers, the company's value position, and the company's internal processes. The benefit of digitalization in companies is to focus on complex processes. Companies apply various innovative technologies that operate in real-time and recruit employees with various qualifications, considered capable of keeping up with developments in digitalization (Lichtblau et al., 2015). Digitalization describes changes in the communication interactions of business functions and business models towards a character that is closer to digital. Often this involves a blend of digital and physical elements as in omnichannel customer service, integrated marketing, or intelligent manufacturing with operations that include total automation, partial automation, and manual operations.

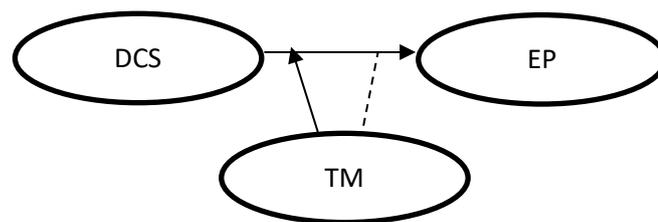
Research conducted by (Sujana, Nursetiawan, and Sujai 2023) shows a number of advantages of digitalization, including: a. Facilitates fast access to goods or items that have high quality demand. b. Allows easy access to individual parts of an item, such as articles in a journal. c. Allows quick access to material from remote locations. d. Opening opportunities for collections to be distributed and used together. e. Potential for presenting fragile or high-value objects in an accessible form.

In fact, digitalization has an important influence on changes in various aspects. This impact is especially visible in the administrative sector. The introduction of digitalization has brought technological developments, such as the implementation of electronic office systems to manage employee data, providing convenience for employees in electronic format. Therefore, utilizing electronic media can bring benefits such as convenience and increased efficiency (Hidayat 2021).

Through the explanation of the meaning and advantages of digitalization above, if digitalization is implemented in the Company's area, it is believed that it can improve employee performance. According to (A. P Mangkunegara 2006) employee performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. According to (Anwar Prabu Mangkunegara 2013) explains that performance is the result of the work or work achievements of a person or group of people in achieving organizational goals. Apart from that, (Huda and Farhan 2019) has the opinion that employee performance is the employee's ability to carry out certain skills in carrying out the tasks given to him. Research (Pertiwi, W., & Nurhikmah 2018) shows a positive relationship and significant influence on employee performance. Different from research (Pertiwi, W., & Nurhikmah 2018), this research adds the Talent Management variable as a moderating variable.

## METHODS

**Figure 1**  
Model Research



### Hypothesis:

DCS : Digitalization Company System

EP: Employee Performance

TM : Talent Management

From the hypothesis model above, it shows that this article aims to analyze the influence of Company System Digitalization on Employee Performance (Sugiyono 2019). In previous research, there were a number of similar studies, namely examining the effect of corporate system digitization on employee performance (Manzilati 2017). What makes it different is the addition of the Talent Management variable in this article (Jonathan Sarwono 2016). This research is quantitative research with an exploratory approach, namely an approach that uses a number of previous studies as a fundamental foundation to strengthen the argumentation construction in this research (Rahma and Susanti 2022). The data used in this research is primary data obtained from Maspion employees throughout Indonesia. The data in the research were analyzed using the smart PLS 4.0 analysis tool (Nabila Khaerumuda and Hotman Tohir Pohan 2023).

### Hypothesis:

H1: The Influence of Digitalization Company System on Employee Performance

H2: Talent Management Can Moderates The Influence of Digitalization Company System on Employee Performance

**RESULT AND DISCUSSION**

**Validity Test**

The first stage used in using smart PLS 4.0 primary data is the validity test. In the validity testing stage, the focus and objective is the data used in this research which was obtained from online questionnaire testing. The following are the results of the validity test in this article(Hair 2010):

**Table 1**  
Validity Test

Variable	Question Item	Loading Factor
Digitalization Company System (X1)	Digitization of company systems simplifies existing work	0.854
	Digitalization of company systems makes employee tasks easier	0.849
	Digitalization of company systems can maximize work results	0.844
	Digitization of company systems can create	0.852
Employee Performance (Y)	Employee performance can be influenced by increasingly simple systems	0.882
	Employee performance can be influenced by good Talent Management	0.883
	Employee performance can be influenced by the employee's success in completing work	0.892
	Employee performance can be influenced by the strength of talent	0.895
Talent Management (Z)	Talent management can influence employee performance	0.921
	Talent Management can make the human	0.919

	resources produced be of higher quality	
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Valid > 0.70

### Reliability Test

The next stage that must be passed after the validity test stage is the Reliability stage to ensure that the Company System Digitalization, Employee Performance and Management Talent variables are valid. After everything is declared valid, then you can enter the next stage, namely Path Coefficient. The following are the results of the Path Coefficient in this research (Sarstedt et al. 2014):

**Table 2**  
Reliability Test

Variable	Composite Reliability	Cronbach Alfa	Noted
Digitalization Company System	0.892	0.852	Reliable
Employee Performance	0.942	0.902	Reliable
Talent Management	0.975	0.935	Reliable

Reliable > 0.70

### Path Coefisien

The final stage and also the determinant in this article is the Path Coefficient which functions to prove the researcher's hypothesis that the Company System Digitalization variable on Employee Performance can be influenced and the Talent Management variable can moderate the influence of the Digitalization variable on the Employee Performance variable with the results below (Hair 2010):

**Table 3**  
Path Coefisien

	Variable	P-Values	Noted
Direct Influence	DCS->EP	0.005	Accepted
Indirect Influence	TM* DCS->EP	0.000	Accepted

Significant Level < 0.05

The statistical results of the third table above show that the researcher's assumptions used as hypotheses are acceptable because the P-Values are below 0.05, namely 0.005 and lead to positive. This is due to the simplicity of the system, ease of completing work, and other things that employees feel as a result of the digitalization of the company's system. This is in line with previous research (Pertiwi, W., & Nurhikmah 2018). Apart from that, the second hypothesis in this research can also be proven because the P-Values value is positive and is below the 0.05 significance level, namely

0.000. This means that good talent management can produce and maintain good quality human resources, can use technology well, can take advantage of good digitalization of the Company's systems, and will have a good impact on employee performance. Thus the first

## CONCLUSION

The statistical results of the third table above show that the researcher's assumptions used as hypotheses are acceptable because the P-Values are below 0.05, namely 0.005 and lead to positive. This is due to the simplicity of the system, ease of completing work, and other things that employees feel as a result of the digitalization of the company's system. This is in line with previous research (Pertiwi, W., & Nurhikmah 2018). Apart from that, the second hypothesis in this research can also be proven because the P-Value value is positive and is below the 0.05 significance level, namely 0.000. This means that good talent management can produce and maintain good quality human resources, can use technology well, can take advantage of good digitalization of the Company's systems, and will have a good impact on employee performance. Thus the first and second hypotheses in this article can be proven.

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