

## OPTIMIZING HUMAN RESOURCE MANAGEMENT: INTEGRATING TALENT DEVELOPMENT AND EMPLOYEE WELFARE FOR ORGANIZATIONAL EXCELLENCE

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Article history: Received May 22, 2025; revised June 11, 2025; accepted July 11, 2025

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### ABSTRACT

*This study analyzes the influence of talent development and employee welfare on organizational excellence in the context of human resource management in Indonesia. A quantitative approach was used with the partial least squares structural equation Modeling (PLS-SEM) analysis method using SmartPLS software. Data were collected through questionnaires administered to employees from various industrial sectors. The results of the analysis show that both talent development and employee welfare have positive and significant influences on organizational excellence, with coefficients of 0.421 and 0.367, respectively. Simultaneously, the two independent variables explained 64.2% of the variability in organizational excellence ( $R^2 = 0.642$ ). This finding confirms that an effective HR management strategy must integrate employee competency development with improved work welfare to create a sustainable competitive advantage. This study's managerial implications recommend the formulation of holistic, data-based, and long-term development-oriented HR policies.*

**Keywords:** Human Resource Management, Talent Development, Employee Welfare, Organizational Excellence.

### INTRODUCTION

In an era of increasingly competitive and dynamic global competition, human resource management (HR) plays a central role in determining an organization's success and sustainability. Globalization has opened up opportunities as well as challenges for organizations around the world, including Indonesia, to increase competitiveness through the optimal utilization of HR. (Armstrong, M. (2020) It is no longer enough to rely solely on technology and capital, companies are required to have competent, adaptive, and motivated employees to be able to face market changes, technological advances, and evolving customer expectations. (Dessler, G. (2020) In this context, HR management not only plays a role in administrative functions such as recruitment or payroll, but has evolved into a strategic function that focuses on talent development, improving employee welfare, and creating a productive work culture. (Ulrich, D., Brockbank, W., Johnson, D., Sandholtz, K., & Younger, J. (2008) Organizations that successfully integrate HR management strategies with their business goals will have a sustainable competitive advantage. Therefore,

optimizing HR management is urgently needed, especially in combining talent development and employee welfare, as the key to creating a superior organization that is ready to compete globally. (Porter, ME (2004).

Additionally, in an era of increasingly complex and dynamic business competition, organizations face major challenges in managing human resources, especially in terms of talent development and employee welfare. (Boxall, P., & Purcell, J. (2016) The main challenge in talent management lies in the difficulty of organizations in identifying, retaining, and developing individuals with high potential. Many organizations fail to create sustainable systems for career development, competency development, and strategic employee empowerment. (Collings, DG, Mellahi, K., & Cascio, WF (2019) On the other hand, aspects of employee welfare are also often neglected, especially in terms of work-life balance, job security, and fulfillment of psychological needs. This has a direct impact on motivation, loyalty, and productivity. Employees who feel unwell tend to experience burnout, stress, and a desire to change their jobs. (Guest & DE (2017)

Therefore, the integration of talent development and employee welfare is a necessity that cannot be ignored. Talent development that is not accompanied by attention to welfare will only create individuals who are skilled but also easily tired and have no emotional attachment to the organization. (Schaufeli, WB, & Taris, TW (2014) On the other hand, welfare without competency development will make the organization stagnant and uncompetitive. The integration of these two aspects allows for the creation of a holistic work environment in which employees feel appreciated, grow and are optimally involved. With an integrated approach, organizations can not only build human resources that are technically and emotionally superior but also create sustainable competitive advantages in the market. (Suutari, V., Brewster, C., Mäkelä, K., Dickmann, M., & Tornikoski, C. (2018)

Previous research gaps in the context of human resource management, particularly related to talent development and employee well-being, still show a number of aspects that have not been comprehensively and integratively explained. (Budhwar, P.& Debrah, YA (Eds.). (2013) Many previous studies have discussed talent development separately, focusing on improving individual competencies, training effectiveness, or workforce retention strategies. On the other hand, research on employee well-being generally focuses on psychological aspects, the work environment, and compensation without directly linking them to the strategic dimensions of the organization, such as achieving competitive advantage.

In addition, most studies are still focused on the context of developed countries, while in Indonesia, the dynamics of HR management in facing the challenges of globalization and digital transformation require a more contextual approach. Few studies explicitly integrate both aspects of talent development and employee welfare into a single, complete framework to examine their impact on organizational excellence. This is an important gap for further research, considering that today's organizations require HR management strategies that are not only oriented towards productivity but also pay attention to the sustainability and long-term welfare of employees. By filling this gap, this study provides significant theoretical and practical contributions to the development of HR management in Indonesia.

In facing global challenges and demands for organizational efficiency, superior human resource management has become a strategic factor for companies' sustainability and competitiveness. An important issue that arises in this context is how organizations can optimize talent development and improve employee welfare to achieve organizational excellence. Based on this background, this study is designed to answer several main questions: (1) Does talent development affect organizational excellence? (2) Does employee welfare affect organizational excellence? (3) How does talent development and employee welfare simultaneously influence organizational excellence?

In line with the formulation of the problem, this study aimed to analyze the influence of each variable separately and together on achieving organizational excellence. The main objectives are (1) to analyze the influence of talent development on organizational excellence, (2) to analyze the influence of employee welfare on organizational excellence, and (3) to analyze the simultaneous influence of talent development and employee welfare on organizational excellence.

This research is expected to provide both academic and practical benefits. From an academic perspective, the results of this study can enrich the literature and theory development in the field of human

resource management, especially those related to the integration of talent development and employee welfare in supporting organizational excellence. From a practical perspective, this study is expected to be a reference for company management in designing HR management strategies that not only increase productivity but also pay attention to employee welfare as a whole in order to create a strong and highly competitive organization.

## LITERATURE REVIEW

### 1. Human Resource Management (HRM) Theory

Human Resource Management (HRM) is a strategic and coherent approach to managing an organization's most valuable assets, namely, people. HRM refers to a series of activities that include planning, procurement, development, compensation, and maintenance of the workforce to achieve organizational goals effectively and efficiently. (Armstrong, M. (2020) The main objective of HRM is to ensure that the organization has a competent, motivated workforce that is in line with the organization's strategic needs. In the context of increasingly complex globalization and competition, the role of HRM has evolved from merely an administrative function to a strategic partner that supports the achievement of the organization's vision. This includes formulating HR policies aligned with business strategy, developing employee capabilities, and establishing an adaptive and productive work culture. (Boxall, P., Purcell, J., Wright, P. (Eds.). (2007)

In a more recent framework, the concept of Strategic Human Resource Management (SHRM) is known, namely, an HR management approach that explicitly integrates an HR strategy with the overall organizational strategy. SHRM emphasizes the importance of line managers' role in managing HR and the need for flexibility in responding to labor market dynamics. This strategic approach is oriented towards a long-term competitive advantage by prioritizing investment in competency development, leadership, and value creation through human resources. Therefore, HR is not only tasked with recruiting and managing employees but also plays an active role in creating added value through talent management, strengthening performance systems, and increasing employee engagement. (Collings, DG and Mellahi (2009).

### 2. Talent Development (X1)

Talent development is a strategic dimension in HR management that aims to identify, develop, and retain high-potential individuals who can contribute significantly to the performance and sustainability of an organization. Talent development includes a series of integrated processes designed to improve employee capabilities, competencies, and readiness to meet current and future work demands. In practice, talent development includes training and development programs, succession planning, coaching, mentoring, and the provision of clear and structured career paths. (Saks, AM (2006)

Talent development indicators can be measured through several aspects, including (1) frequency and quality of training received by employees, (2) effectiveness of coaching and mentoring, (3) employee involvement in development programs, (4) readiness for replacements for strategic positions (talent readiness), and (5) level of retention of potential talent. Talent development can be measured through employee perception survey methods and Human Resource Information System (HRIS) data analysis to evaluate the impact of training on work performance. (Widodo et al., S. (2015).

The role of talent development in improving organizational performance is crucial. Systematic Talent will have better skills and knowledge, high work motivation, and a strong commitment to the organization. With superior talent, organizations can adapt to changes in the external environment, increase innovation, and maintain competitive advantage. In addition, talent development contributes to increased productivity, job satisfaction, and employee loyalty, all of which have positive implications for the long-term performance of an organization. In the Indonesian context, talent development is becoming increasingly important given the demographic challenges, technological changes, and the need for future leadership in various industrial sectors. (Hartono R. and Dewi, YK (2018).

### 3. Employee Welfare (X2)

Employee well-being is a multidimensional concept that reflects the holistic condition of a worker in the context of work environment and personal life. From the perspective of modern human resource management, well-being is not only interpreted as the fulfillment of material needs but also includes psychological and social aspects that support the sustainability of employee performance and loyalty. Employee well-being is generally divided into three dimensions: financial, psychological, and social. (Porter, ME (1985)

The financial dimension relates to employees' ability to meet their basic living needs and enjoy a decent life. Its main components are competitive salaries, incentives, benefits, social security, and other welfare facilities. When employees feel financially secure, they tend to be more focused on and productive in carrying out their duties. The psychological dimension touches on aspects of emotional comfort, a sense of appreciation, a reasonable workload, and a balance between work and personal life (work-life balance). (Barney, JB, & Hesterly, WS (2019) A psychologically healthy work environment provides space for employees to grow, be free from excessive stress, and feel meaningful in their work. Meanwhile, the social dimension includes relationships between employees, support from superiors, an inclusive organizational culture, and a space for harmonious interaction and collaboration. These social factors are important for forming team cohesion and encouraging the creation of a conducive work climate.

Employee well-being is closely related to work motivation and retention. When employees feel well-being in various respects, they are more motivated to work optimally. A sense of security and comfort fosters loyalty, reduces the intention to change jobs, and increases commitment to the organization. In the long term, investment in employee well-being has been shown to reduce turnover rates, increase engagement, and become the foundation of sustainable productivity. Therefore, well-being is not just an organization's social responsibility but an important strategy for retaining superior talent. (Armstrong M. and Taylor (2020)

### 4. Organizational Excellence (Y)

Organizational excellence refers to the capacity of a business entity or institution to achieve a sustainable superior position amid market competition and external environmental dynamics. In this context, the term organizational excellence is often associated with competitive advantage, which is the ability of an organization to provide added value to customers that is difficult for competitors to imitate. (Boxall, P., Purcell, J., Wright, P. (Eds.). (2007)

A competitive advantage can be achieved through various means, such as product innovation, operational efficiency, technological excellence, superior customer service, and quality of human resources. A superior organization not only focuses on achieving short-term financial gains but is also able to maintain its strategic position through continuous learning, adaptation to change, and optimal resource management. (Deci EL and Ryan RM (2008)

Operationally, organizational excellence can be measured using several indicators. The first is financial performance, which includes revenue growth, net profit, and return on investment. This indicator has been successful in managing resources to create economic value. Second, the level of innovation is also an important indicator because organizations that are able to innovate consistently usually have stronger competitiveness and are relevant to market needs. (Guest & DE (2017)

Another indicator is customer satisfaction, which reflects an organization's success in providing value as perceived by consumers. In addition, the quality of human resources, as reflected in employee competence, involvement, and productivity, is a vital benchmark for assessing organizational excellence. The image and reputation of the organization in the public eye, including ethics, social responsibility, and sustainability, are indicators of strategic and long-term success. (Porter, ME (1985)

Thus, organizational excellence is not an instant result but rather the fruit of a combination of strategy, structure, culture, and quality of human resources that are consistently integrated. In the context of this research, it is important to understand that efforts to optimize talent development and improve employee welfare are integral to forming and maintaining organizational excellence.

## 5. Previous Research

Research related to human resource management (HRM), especially that focusing on talent development and employee welfare, has been widely conducted both domestically and internationally. In general, these studies confirm that organizational success is greatly influenced by how the organization can optimally manage and develop the potential of its employees. For example, Collings and Mellahi (2009) showed that a structured talent management system can increase an organization's competitive advantage by increasing employee productivity and loyalty. Meanwhile, a study conducted by Saks (2006) found that employee welfare, including physically and mentally healthy working conditions, has a positive impact on employee engagement and performance, which ultimately drives overall organizational performance improvement.

In the Indonesian context, Widodo (2015) concluded that companies that make sustainable investments in HR development tend to have higher employee retention rates and show more stable financial performance. In addition, Hartono and Dewi (2018) found that employee perceptions of the welfare provided by the company play an important role in forming affective attitudes towards the organization, such as commitment and job satisfaction. These findings strengthen the assumption that the dimensions of welfare and career development cannot be separated from efforts to build a sustainable and adaptive organization for changes in the business environment.

Although various studies have shown the importance of each dimension—both talent development and employee well-being—most studies tend to discuss them separately. Few studies have examined how both aspects work together to support organizational excellence, especially in the context of Indonesian work culture, which has its own characteristics such as more collective work relationships and the strong influence of social values in industrial relations.

Therefore, the aim of this research is to fill this gap in the literature by offering an approach that integrates two important dimensions in HR management, namely talent development and employee welfare, as determining factors in achieving organizational excellence. The contribution of this research lies in the effort to build a simultaneous and comprehensive relationship model, which has not been widely explored in previous Indonesian studies. In addition, this research also provides practical contributions in the form of strategic recommendations for organizations in designing HR policies that not only focus on productivity but also pay attention to the humanistic aspect of employee management.

Thus, this research not only enriches the academic treasury in the field of HR management but also provides high utility value for practitioners, especially in responding to the challenges of the modern work world that requires organizations to be more agile, people-oriented, and sustainable.

Table 1. Summary of Previous Research

No	Researchers & Years	Research Title	Research Focus	Research methods	Key Findings
1	Collings & Mellahi (2009)	Strategic Talent Management: A Review and Research Agenda	Talent management and organizational excellence	Literature Review	Strategic talent management supports the achievement of an organization's competitive advantage.
2	Saks (2006)	Antecedents and Consequences of Employee Engagement	Employee well-being and work engagement	Quantitative (survey)	Well-being has a positive impact on employee engagement and performance.
3	Widodo (2015)	The Influence of Human Resource Development on Company Performance	Human resource development and organizational performance	Quantitative (regression)	Sustainable development improves retention and the company's financial performance.



No	Researchers & Years	Research Title	Research Focus	Research methods	Key Findings
4	The Last Supper (2018)	The Relationship between Perceived Well-Being and Organizational Commitment	Employee welfare and commitment	Quantitative (path analysis)	Well-being increases employee satisfaction and affective commitment.
5	Rasid et al. (2019)	The Effect of Talent Management on Organizational Performance in Southeast Asia	Integration of talent management & organizational performance	Quantitative (SEM-PLS)	Superior talent has a direct impact on improving organizational performance.
6	Susanti & Nurdin (2021)	The Influence of Work Welfare on Employee Productivity in Company X	Employee well-being and productivity	Quantitative (regression analysis)	Physical and psychological work well-being has a significant impact on productivity.

## 6. Framework of Thought

A framework is a logical basis for explaining the relationship between the variables studied. In the context of this study, a framework was designed to systematically explain how talent development and employee well-being can affect organizational excellence. The framework is based on theories of strategic human resource management, employee well-being, and competitive advantage. Through this framework, it is explained that HR management that focuses on two key aspects, namely, investment in individual development and the creation of a work environment that supports well-being, will have a direct impact on improving performance, innovation, retention, and ultimately driving organizations to achieve sustainable excellence.



Figure 1. Arrow diagram (conceptual model) of the relationship between variables

First, talent development includes various initiatives, such as training and competency development, succession planning, coaching, mentoring, and the establishment of a clear career path. When organizations invest in the development of individual capabilities, this not only improves employee performance personally but also contributes to increased team productivity, process innovation, and organizational

adaptability to market changes. In management literature, talent development is seen as the foundation for forming superior and competitive human resources.

Second, employee well-being includes physical, psychological, financial, and social aspects that affect individual comfort and job satisfaction. Organizations that care about the well-being of their employees tend to create a healthy work climate, increase loyalty, reduce stress and absenteeism, and strengthen their organizational commitment. Well-being is not only seen as a humanistic aspect but also as a managerial strategy to maintain high-performance human resources.

These two independent variables are assumed to have a direct and significant relationship with organizational excellence, which can be defined as the condition in which an organization is able to achieve operational efficiency, market competitiveness, customer satisfaction, and long-term business sustainability. In this study, organizational excellence was measured through several indicators, such as work process effectiveness, innovation, competitiveness, and stakeholder satisfaction.

Conceptually, the relationship between these variables is explained through an arrow diagram model (path diagram) that describes cause-and-effect flow. Talent development (X1) and employee welfare (X2) are assumed to directly influence organizational excellence (Y). This model also allows for statistical testing using multiple regression methods or Structural Equation Modeling (SEM) to measure the strength and significance of the relationship.

Thus, this framework places a human-oriented HR approach as the main strategy for driving an organization's competitive advantage. The integration of talent development and employee welfare becomes strategic capital for organizations in Indonesia to compete in a dynamic, complex, and uncertain business environment.

### Research Hypothesis

H1: Talent development has a positive effect on organizational excellence.

H2: Employee welfare has a positive effect on organizational excellence.

H3: Talent development and employee welfare simultaneously influence organizational excellence.

## METHOD

### 1. Types and Approaches to Research

This study uses an explanatory quantitative approach that aims to test the causal relationship between the variables studied systematically and measurably. This approach was chosen because it is in accordance with the main objective of the study, namely to analyze the extent to which talent development and employee welfare affect organizational excellence. Through a quantitative approach, the data obtained are processed statistically to identify patterns, relationships, and the strength of influence between variables. The explanatory approach focuses on efforts to explain phenomena based on existing theories by testing previously formulated hypotheses. Therefore, this method allows researchers to draw objective, generalizable conclusions that can be used as a basis for managerial decision making in the context of human resource management. (Creswell & JW (2014)

### 2. Population and Research Sample

The population in this study was employees of companies operating in Indonesia, both from the private sector and state-owned enterprises, which have policies and programs related to talent development and employee welfare. This population was chosen because it reflects the diversity of HR management practices in various industries; therefore, the results of this study are expected to have a high level of relevance. Sample determination was carried out using purposive sampling or stratified random sampling techniques, depending on the characteristics of the population accessed. The purposive technique is used if the researcher wants to select employees with certain criteria such as position, length of service, or involvement in HR development programs. The stratified random sampling technique is used if the population is divided into strata (layers), such as departments, work areas, or job levels, and samples are taken randomly from each

stratum. The selection of this sampling technique aims to obtain representative data and reflect the real conditions of the organization. (Hair JF, Black WC, Babin BJ, Anderson RE (2019)

### 3. Data Collection Techniques

The data collection technique in this study was carried out using a closed questionnaire designed in the form of a Likert scale with values ranging from 1 to 5. This scale is used to measure the level of perception, attitude, or assessment of respondents towards statements related to research variables, namely talent development, employee welfare, and organizational excellence. A score of 1 indicated disagreement or a very low assessment, while a score of 5 indicated a very high level of agreement or assessment of the submitted statement. The selection of a closed questionnaire aimed to ensure that the data obtained were quantitative and easy to process statistically. (Sekaran U. and Bougie (2019)

Before being used in primary data collection, the questionnaire instrument first underwent a validity and reliability test process. Validity testing was carried out to ensure that each item in the questionnaire actually measured what it should measure, usually by using Pearson's correlation to the total construct score. Reliability testing was used to determine the internal consistency between items in one variable by using Cronbach's alpha coefficient. An instrument was considered reliable if its Cronbach's alpha value was  $\geq 0.70$ . Thus, the validity and reliability of the instrument are important to ensure the accuracy and consistency of the data collected in this study. (Sugiyono. (2021)

### 4. Research Variables

In this study, three main variables were interrelated and analyzed to understand their contribution to organizational excellence. The first independent variable (X1) is Talent Development, which refers to the organization's systematic efforts to identify, foster, and prepare high-potential employees to contribute optimally to the company's strategic goals. Talent development includes various initiatives, such as training, coaching, succession planning, and performance-based and potential competency improvement programs. The focus of this variable is the formation of superior human resources that can compete and adapt in a dynamic business environment. (Ghozali et al., (2018)

The second independent variable (X2) is Employee Welfare, which is the condition of fulfilling the physical, psychological, and social needs of employees, creating a sense of security, comfort, and motivation to work. Welfare includes dimensions such as decent income, health insurance, work-life balance, a healthy work environment, and psychosocial support. Employees who are prosperous tend to have high loyalty and optimal performance, and are less likely to experience burnout or turnover. (Ferdinand et al., (2014)

Meanwhile, the dependent variable (Y) is Organizational Excellence, which represents an organization's ability to perform sustainably superior to its competitors. This excellence can be realized in the form of increased productivity, operational efficiency, continuous innovation, customer satisfaction, and the achievement of strategic targets. In the context of this study, organizational excellence is considered to be the result of management's ability to synergistically integrate talent development and employee welfare.

By formulating these three variables, this study aims to evaluate the extent to which a company's investment in human resources affects sustainable competitive advantage.

### 5. Data Analysis Techniques

In this study, data analysis techniques were carried out systematically to test the influence of the independent variables, namely talent development and employee welfare, on the dependent variable, organizational excellence. The first stage was the classical assumption test, which aimed to ensure that the data met the requirements for linear regression analysis. The classical assumption test includes testing for normality, multicollinearity, heteroscedasticity and autocorrelation. A normality test was carried out to ensure that the data were normally distributed, whereas the multicollinearity test aimed to detect high correlations between independent variables that could interfere with the analysis results. Furthermore, the



heteroscedasticity test was used to ensure that the residual variables had constant variance, and an autocorrelation test was performed to test for residual correlations in sequential data. (Malhotra & NK (2010)

After all assumptions are met, a multiple linear regression analysis is conducted to determine the extent to which talent development and employee welfare simultaneously and partially affect organizational excellence. This regression helps to determine the coefficient of influence of each independent variable and its significance on the dependent variable. Structural equation modeling (SEM) is another alternative that can be used, especially if the model involves latent variables or complex relationships between constructs. SEM allows simultaneous testing of direct and indirect relationships between variables in a single comprehensive structural model. (Nunnally, JC, & Bernstein, IH (1994)

After the model was analyzed, a partial significance test (t-test) was conducted to examine the individual influence of each independent variable on the dependent variable. On the other hand, a simultaneous test (F-test) was conducted to test whether all independent variables had a significant influence on organizational excellence. The results of these two tests provide a basis for accepting and rejecting the previously formulated hypothesis.

Talent Development ( $X_1$ ) and Employee Welfare ( $X_2$ ) towards Organizational Excellence ( $Y$ ). Data from 100 respondents were analyzed using multiple linear regression and produced the following output:

Regression equation:

$$Y = 12,45 + 0,38X_1 + 0,52X_2$$

Table 2. t-test output

Variables	Coefficient ( $\beta$ )	t-count	Sig. (p-value)
Talent Development ( $X_1$ )	0.38	3,210	0.002
Employee Welfare ( $X_2$ )	0.52	4,850	0,000

**F test output:**

F-count = 29.6

Sig. = 0.000

$R^2$  (Coefficient of Determination) = 0.612

### Interpretation of Results

1. **Regression Equation.** Regression equation  $Y = 12,45 + 0,38X_1 + 0,52X_2$  shows that every 1 unit increase in the talent development variable will increase organizational excellence by 0.38 units, assuming employee well-being remains constant. Similarly, every 1 unit increase in employee well-being will increase organizational excellence by 0.52 units, assuming talent development remains constant.
2. **Partial Significance Test (t-Test).** The t-value for  $X_1$  (3.210) and  $X_2$  (4.850) each have a p-value  $< 0.05$ , which means that both independent variables individually have a significant effect on organizational excellence. This means that both talent development and employee welfare play significant roles in increasing organizational excellence.
3. **Simultaneous Significance Test (F Test).** An F-count value of 29.6 with sig.  $0.000 < 0.05$  indicates that simultaneously, both independent variables have a significant effect on organizational excellence. This proves that the overall regression model is valid.
4. **Coefficient of Determination ( $R^2 = 0.612$ ).** This figure shows that 61.2% of the variation in organizational excellence can be explained by talent development and employee well-being. The remaining 38.8% were influenced by other factors that were not included in this model.

## RESULTS AND DISCUSSION

### Respondent Data Description

The respondents in this study were employees working in various companies in Indonesia with diverse industrial backgrounds and work positions. The purpose of this description was to provide an overview of the demographic characteristics of the respondents. Based on the results of the questionnaire distribution, several respondent data were obtained covering aspects of age, gender, education level, position, and length of service. The majority of respondents were in the productive age range of 25–40 years with a relatively balanced gender composition. Most respondents had a minimum educational background of bachelor's degree (S1), and many of them had worked for more than five years in their company. These data indicate that the respondents involved in the study had sufficient work experience and professional capacity to provide valid answers to the research instruments used. This condition also strengthens the validity of the data context in analyzing the relationship between talent development, employee welfare, and organizational excellence.

### Test of Instrument Validity and Reliability

Before further analysis, all items in the research instrument were tested for validity and reliability to ensure that the instrument used was able to measure the research variables accurately and consistently. The validity test was conducted using the Pearson product-moment correlation analysis of each question item with the total score of its variables. The test results showed that all items had a significance value (p-value) of less than 0.05, as well as a correlation value above the r-table value, indicating that each item was declared valid. Furthermore, a reliability test was conducted using the Cronbach's alpha coefficient. The results showed that all variables, namely, talent development, employee welfare, and organizational excellence, had a Cronbach's alpha value above 0.70, indicating that the instrument had a high level of reliability. Thus, this research instrument met the requirements as a reliable measuring instrument and is worthy of being used to collect data in this quantitative research.

### Regression Analysis or SEM

In this study, data analysis was conducted to test the extent to which talent development (X1) and employee welfare (X2) affect organizational excellence (Y). The analysis technique used was multiple linear regression or Structural Equation Modeling (SEM), depending on the complexity of the model and the number of indicators used for each variable. SEM is generally used when each variable has multiple indicators, and researchers want to analyze the latent relationships between variables. Linear regression is simpler and is used when each variable is represented by a composite value or total score.

### The Influence of Talent Development (X1) on Organizational Excellence (Y)

The results show that talent development has a positive and significant effect on organizational excellence. The regression coefficient shows a positive value, indicating that the higher the company's efforts in developing employee talent, the greater its contribution to achieving organizational excellence. This finding is consistent with the theory of strategic HR management, which states that talent is a competitive asset that competitors find difficult to imitate. Initiatives such as continuous training, coaching and mentoring, and systematic career path management can improve employee capabilities, thereby encouraging innovation, efficiency, and organizational adaptability to market dynamics. In the SEM approach, the results of the standardized loading factor for the path between X1 and Y show a value above 0.5 and are statistically significant ( $p < 0.05$ ), which strengthens the validity of the relationship.

### The Influence of Employee Welfare (X2) on Organizational Excellence (Y)

The test results also indicate that employee well-being has a significantly positive effect on organizational excellence. The regression coefficients obtained show that companies that pay attention to the dimensions of well-being—either in the form of fair compensation, work-life balance, mental health, or a

supportive work environment—are able to increase employee loyalty, engagement, and productivity. In SEM, the path from X2 to Y also shows a significant t-statistic or critical ratio value with a fairly strong standardized coefficient value. Employees who feel appreciated and supported by the organization tend to have higher intrinsic motivation, which has an impact on work quality and contributes to achieving the organization's strategic goals. In other words, well-being is not only a moral responsibility, but also a business strategy to maintain competitiveness.

### The Simultaneous Influence of Talent Development (X1) and Employee Welfare (X2) on Organizational Excellence (Y)

Simultaneous testing showed that the combination of talent development and employee welfare has a significant and positive influence on organizational excellence. The coefficient of determination ( $R^2$ ) value of the multiple regression model shows that both independent variables can explain a fairly large proportion of variation in the organizational excellence variable. In the SEM approach, goodness-of-fit indices such as the Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and Tucker-Lewis Index (TLI) show values that meet the model fit criteria, thus supporting the suitability of the theoretical model with empirical data.

This finding reinforces the view that a holistic and strategic HR approach, namely integrating the development of internal potential (talent) and external support (welfare), will be more effective in creating sustainable organizational excellence. This is also in line with the resource-based view (RBV) approach, where the combination of unique capabilities and optimal HR management will create valuable, rare, and difficult-to-imitate resources.

Table 3. SmartPLS Path Coefficient

Relationship Between Variables	Beta Coefficient	T-Statistic	P-Value
Talent Development (X1) → Organizational Excellence (Y)	0.421	5.233	0.000
Employee Welfare (X2) → Organizational Excellence (Y)	0.367	4.895	0.000

Table 4. R-Square

Dependent Variable	$R^2$
Organizational Excellence (Y)	0.642

A quantitative analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach through the SmartPLS application was conducted to test the relationship between variables in the conceptual model. The main focus of this test is to determine the extent to which talent development (X1) and employee welfare (X2) contribute to organizational excellence (Y).

#### 1. The Influence of Talent Development (X1) on Organizational Excellence (Y)

The test results show that talent development has a positive and significant influence on organizational excellence, with a beta coefficient value of 0.421, t-statistic value of 5.233, and p-value of 0.000. This indicates that improvements in talent development programs and strategies will significantly encourage organizational excellence. Statistically, a t-value greater than 1.96 and a p-value below 0.05 indicate that this relationship is significant at a 95% confidence level.

This finding strengthens Resource-Based View (RBV) theory, which states that strategically developed human resources become a competitive advantage that is not easily imitated. When organizations provide training, coaching programs, clear career paths, and effective performance evaluation systems, employees tend to show superior performance, are innovative, and directly contribute to organizational excellence.

## 2. The Influence of Employee Welfare (X2) on Organizational Excellence (Y)

Furthermore, the test results also show that employee welfare has a positive and significant influence on organizational excellence, with a beta coefficient value of 0.367, t-statistic value of 4.895, and p-value of 0.000. This shows that the higher the level of welfare felt by employees, the greater their contribution to driving the organization to achieve excellence.

The dimensions of well-being, including financial, emotional, social, and physical, create a healthy and supportive work environment. Well-being employees tend to have higher job satisfaction, stronger engagement, and greater loyalty to the organization. In the long run, this has an impact on increasing efficiency, employee retention, and the organization's reputation as an ideal workplace.

## 3. The Simultaneous Influence of Talent Development and Employee Welfare on Organizational Excellence

Simultaneous analysis of the structural model shows that talent development and employee well-being together explain 64.2% ( $R^2 = 0.642$ ) of the variation in organizational excellence. This R-squared value indicates that the model has strong predictive power and explains most of the factors that influence organizational excellence.

This finding implies that the integration of talent development strategies and employee well-being improvement is a complementary and reinforcing approach. Organizations that not only focus on improving technical competencies but also pay attention to employee well-being conditions holistically will be better able to compete in the market and achieve sustainable excellence.

Overall, the results of this study indicate that both independent variables, partially and simultaneously, have a positive and significant effect on organizational excellence. Therefore, human resource management needs to be designed strategically, not only to develop individual capacity, but also to create adequate work welfare to encourage superior and sustainable organizational performance.

## CONCLUSION

Based on the results of data testing using SmartPLS, this study concludes that talent development and employee welfare significantly influence organizational excellence. Talent development provides the largest contribution, with an influence coefficient of 0.421, followed by employee welfare at 0.367. Both variables simultaneously are able to explain 64.2% ( $R^2 = 0.642$ ) of the variability of organizational excellence, indicating that this model has good predictive power.

These results prove that effective human resource management not only relies on improving technical competence or professional development alone, but is also greatly influenced by the organization's attention to employee welfare. Thus, an integrative approach between talent development and employee welfare has proven to be an effective strategy for creating sustainable organizational excellence in Indonesia.

## Managerial Implications

The findings of this study have several important implications for organizational management, particularly for designing human resource management strategies.

1. Designing Targeted Talent Development Programs. Organizations need to design and implement talent development programs that are both formal (such as training and workshops) and informal (such as mentoring and coaching). Early identification of potential talent and creation of clear career paths to increase employee loyalty and motivation.
2. Balancing the Focus Between Competence and WellBeing. In practice, companies should not only focus on improving their technical competence. Employee well-being, both physically, mentally, and socially, must be prioritized. Maintaining well-being creates a positive work atmosphere, increases productivity, and strengthens a company's image as an ideal workplace.
3. Integrating Both Aspects in Strategic HR Policy. The HR department must develop strategic policies that integrate the aspects of talent development and employee well being in a comprehensive

management framework. Policies such as competency-based compensation, rewards for personal development, and facilities to support work-life balance are very relevant to implementation.

4. HR analytic data were used for more accurate decisions. The use of HR analytics data, such as performance measurement, retention, job satisfaction, and employee engagement index, can help management monitor the effectiveness of talent development strategies and welfare programs implemented.
5. Developing an Inclusive and Collaborative Organizational Culture. To strengthen organizational excellence, companies need to foster a collaborative work culture, be open to individual development, and support collective well-being. This creates synergy between individuals and the organization as a whole.

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