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The Influence of Recruitment Strategy, Employee Morale, and Compensation Packages on Talent Acquisition in Technology Companies in Indonesia

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Article Info	ABSTRACT
Article history: Received May, 2024 Revised May, 2024 Accepted May, 2024 Keywords: Compensation Package Employee Morale Quantitative Analysis Recruitment Strategy Talent Acquisition Technology Companies	This study examines the effect of recruitment strategy, employee morale, and compensation package on talent acquisition in technology companies in Indonesia through a quantitative analysis. Data were collected from 150 employees using a structured questionnaire, and analysis was conducted using Structural Equation Modeling (SEM) with Partial Least Squares (PLS). The results indicate significant positive relationships between recruitment strategy, employee morale, compensation package, and talent acquisition. Effective recruitment strategies, positive employee morale, and competitive compensation packages are crucial for attracting and retaining top talent in the technology sector. The findings provide practical implications for organizations to optimize talent acquisition practices and enhance organizational performance in the digital age. <i>This is an open access article under the CC BY-SA license.</i> 
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1. INTRODUCTION

In the contemporary business landscape, particularly in the technology sector, talent acquisition plays a pivotal role in organizational success and sustainable growth. Organizations like Google prioritize attracting individuals with the right competencies and values to thrive [1]. Implementing effective talent management strategies leads to increased job satisfaction,

employee engagement, and productivity, fostering innovation and adaptability [1], [2]. HR analytics is crucial for acquiring and retaining talented personnel, ultimately enhancing organizational performance [3]. Additionally, sustainable HR practices, such as talent management, are essential for addressing attrition challenges and ensuring consistent performance [4]. Therefore, in today's dynamic environment, strategic talent acquisition is fundamental for organizations,

especially in the technology sector, to remain competitive and achieve long-term success. In Indonesia's dynamic digital landscape, the recruitment and retention of a skilled professional workforce is critical for companies seeking to innovate and be competitive [5]–[9]. Utilizing a web-based management information system can improve the efficiency of the recruitment process, aligning with the need to source top talent. Talent management programs such as Management Trainee initiatives play an important role in developing future company executives and attracting skilled individuals. The growth of Edtech startups in Indonesia underscores the importance of upskilling through education to meet future job demands, emphasizing the role of technology in talent development. Government policies that support the global competitiveness of MSMEs through digital ecosystems highlight the broader impact of technology on talent acquisition and business sustainability. Understanding the impact of talent and digital capabilities on bank performance highlights the importance of digital skills in driving organizational success in the banking sector.

In the context of Indonesia's technology industry, various factors play crucial roles in shaping employee morale and performance. Studies highlight the significance of compensation [6], [10], talent management [11], incentives, and work discipline [12] in influencing morale and performance. Compensation emerges as a dominant factor impacting morale, while talent management strategies, such as the Management Trainee program, are vital for attracting and developing skilled employees [13]. Additionally, work motivation and discipline are shown to affect employee performance significantly. These findings underscore the complex interplay between recruitment strategies, compensation packages, talent management, and employee morale within technology firms, emphasizing the need for a holistic approach to human resource management in the dynamic landscape of Indonesia's technology sector.

The Indonesian technology sector, known for its rapid growth and diverse talent pool, offers a fascinating setting to explore factors impacting talent acquisition practices. Research highlights the significance of human capital in Indonesia's high-tech industry, emphasizing the importance of STEM-based resources [14]. Additionally, talent management plays a crucial role in attracting and developing skilled professionals, with a focus on skills, leadership, and human capital as key factors in talent acquisition strategies [6]. Furthermore, efforts to enhance human resource development in research and innovation sectors underscore the government's commitment to nurturing talent for national development [15]. While human resources significantly influence economic growth in Indonesia, technology investments are also vital, albeit impacted by government spending fluctuations [16]. Absorptive capacity, particularly through royalty expenses for technology transfer, showcases varying impacts on firm performance across different high-tech industries in Indonesia [17].

The significance of talent acquisition transcends traditional notions of human resource management; it is a strategic imperative that encompasses a multifaceted approach, encompassing recruitment strategies, organizational culture, and employee value proposition. By delving into the nuanced relationships between recruitment strategy, employee morale, compensation package, and talent acquisition, this study aims to unravel the underlying mechanisms driving the acquisition, retention, and cultivation of talent within technology companies in Indonesia.

2. LITERATURE REVIEW

2.1 *Talent Acquisition in Technology Companies*

Talent acquisition in technology companies is crucial for organizational success in the digital age [18]. The process involves identifying, attracting, and retaining skilled professionals, which is essential for innovation and agility in

the technology sector [19]. Challenges include the scarcity of talent with specialized skill sets and the need to adapt to rapid technological changes [20]. To address these challenges, companies can leverage recruiting automation systems to optimize processes, improve candidate quality, and enhance recruitment performance [21]. In the competitive landscape of the 21st century, where talent competition is fierce, the first contact with potential employees through effective recruiting plays a significant role in shaping a company's image and attracting top specialists [22]. Ultimately, strategic talent acquisition is a key determinant of competitiveness and sustainability in technology companies.

2.2 Recruitment Strategy and Talent Acquisition

Recruitment strategies are crucial for talent acquisition in technology firms, encompassing activities like employer branding, sourcing, evaluation, and onboarding [23], [24]. Aligning these strategies with organizational goals, culture, and market dynamics is vital for attracting and retaining top talent effectively [25]. The literature emphasizes the significance of adapting to emerging trends such as digital recruitment platforms, AI-driven talent analytics, and agile recruitment methodologies in reshaping recruitment strategies within technology companies [18], [22]. These trends offer benefits like improved efficiency, cost savings, and better-quality hires but also raise ethical and legal concerns, necessitating further research and development to ensure effectiveness and fairness in AI-based recruitment strategies.

2.3 Employee Morale and Talent Acquisition

Employee morale plays a crucial role in talent acquisition

outcomes in technology companies [11], [26]–[29]. High morale, encompassing job satisfaction, engagement, and organizational commitment, is linked to increased productivity, lower turnover rates, and enhanced organizational performance. The literature underscores the interdependence between employee morale and talent acquisition, underscoring the significance of positive workplace cultures, effective leadership, and employee-centric practices in creating an environment conducive to attracting and retaining top talent. Research indicates that incentives, discipline, leadership, and organizational commitment are key factors influencing employee morale, thereby impacting talent acquisition outcomes in technology firms. Fostering a positive work environment and prioritizing employee well-being are essential strategies for technology companies aiming to excel in talent acquisition and overall organizational success.

2.4 Compensation Package and Talent Acquisition

Competitive compensation packages play a pivotal role in talent acquisition and retention within technology companies [30], [31]. These packages, encompassing salary, benefits, incentives, and non-monetary rewards, are crucial for attracting skilled professionals and motivating high performance while fostering employee loyalty [32], [33]. Aligning compensation with industry benchmarks, market trends, and individual preferences is emphasized in the literature to ensure competitiveness in talent attraction and retention [34]. Emerging trends like personalized compensation structures, flexible benefits, and performance-based incentives are reshaping compensation practices in the technology sector, reflecting the

evolving landscape of employee rewards. By adapting to these trends and aligning compensation strategies with industry standards, companies can effectively attract, retain, and motivate top talent in the competitive technology industry.

2.5 Conceptual Framework

Drawing upon the existing literature, a conceptual framework is developed to elucidate the multifaceted relationship between recruitment strategy, employee morale, compensation package, and talent acquisition in technology companies. The framework delineates the interconnectedness of these factors and their collective impact on talent acquisition outcomes. By conceptualizing the interplay between recruitment strategy, employee morale, and compensation package, this framework provides a holistic understanding of the mechanisms driving talent acquisition within technology companies and serves as a guiding framework for empirical investigation in the subsequent sections of this research.

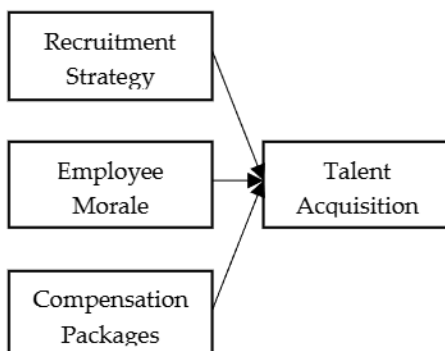


Figure 1. Conceptual and Hypothesis

3. RESEARCH METHODS

3.1 Research Design

This study adopts a quantitative research design to investigate the effect of recruitment strategy, employee morale, and compensation package on talent acquisition in technology companies

in Indonesia. The research design involves the collection of data through a structured questionnaire administered to employees working in various technology companies across Indonesia. The questionnaire includes items designed to measure recruitment strategy, employee morale, compensation package, and talent acquisition.

3.2 Sampling

The target population for this study comprises employees working in technology companies across Indonesia. A purposive sampling technique will be employed to select participants who have direct experience or involvement in recruitment processes and talent acquisition within their respective organizations. A sample size of 150 participants is deemed sufficient to ensure statistical power and representativeness of the target population.

3.3 Data Collection

Data will be collected through an online survey distributed to selected participants via email or online survey platforms. The questionnaire will include Likert-scale items ranging from 1 to 5, allowing participants to indicate their level of agreement or disagreement with various statements related to recruitment strategy, employee morale, compensation package, and talent acquisition. The survey will also collect demographic information to characterize the sample population.

3.4 Variables and Measurements

- a. Recruitment Strategy: Participants will be asked to rate the effectiveness of recruitment strategies employed by their organization, including recruitment channels, sourcing techniques, and employer branding efforts.

- b. Employee Morale: Participants will indicate their level of job satisfaction, organizational commitment, and overall morale within the workplace.
- c. Compensation Package: Participants will evaluate various components of the compensation package, such as salary, benefits, bonuses, and incentives.
- d. Talent Acquisition: Participants will assess talent acquisition outcomes within their organization, including recruitment success rate, time-to-fill vacancies, and quality of hires.

3.5 Data Analysis

Data analysis for this study will utilize Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach, employing software like SmartPLS 3. SEM-PLS is chosen for its adeptness in examining intricate relationships among multiple variables, aligning with the study's objectives. The analysis proceeds through several steps: Firstly, Model Specification draws upon the literature review's conceptual framework to outline the structural model, delineating relationships among recruitment strategy, employee morale, compensation package, and talent acquisition. Next, Measurement Model Assessment ensures the validity and reliability of measurement scales through scrutinizing loadings, convergent validity, discriminant validity, and reliability of the measurement items. Following this, Structural Model Estimation evaluates relationships between independent and dependent variables, analyzing path coefficients, R-squared values, and relationship significance to test the hypothesized model. Bootstrapping techniques are then employed to assess path coefficient significance and overall model fit, generating robust estimates

of standard errors and confidence intervals, particularly in non-normal or small sample size scenarios. Model Evaluation employs various fit indices such as the goodness-of-fit (GoF) statistic, normed fit index (NFI), and standardized root mean square residual (SRMR) to gauge overall model fit and validity. Finally, Interpretation of Results elucidates the relationships between recruitment strategy, employee morale, compensation package, and talent acquisition, validating hypotheses, identifying significant predictors of talent acquisition, and offering practical implications for technology companies in Indonesia.

4. RESULTS AND DISCUSSION

4.1 Results

a. Demographic Sample

The sample population's demographic profile consisted of 150 employees drawn from various technology companies across Indonesia, offering valuable insights into their backgrounds, encompassing age, gender, educational attainment, years of industry experience, and job roles within their respective organizations. Regarding age distribution, participants ranged from 22 to 55 years, with a mean age of 32.5 years and a standard deviation of 6.8 years. Gender distribution revealed a composition of 60% male and 40% female participants. In terms of educational background, 45% held Bachelor's degrees, 35% held Master's degrees, and 20% possessed Ph.D. or equivalent higher education qualifications. Years of experience in the technology industry varied from 2 to 20 years, with a mean of 7.5 years and a standard deviation of 3.6 years. Regarding job roles, 30% held managerial or leadership positions, 40% were in technical or specialized roles, 20% were in administrative or

- support roles, and 10% occupied other roles such as sales or marketing.
- b. Measurement Model

The measurement model is a crucial component of structural equation modeling (SEM) analysis as it assesses the validity and reliability of the measurement scales used to operationalize the constructs under

investigation. In this study, the measurement model includes four latent constructs: Recruitment Strategy, Employee Morale, Compensation Packages, and Talent Acquisition. Each construct is measured using multiple indicators or observed variables.

Table 1. Measurement Model Test

Variable	Indicators	Code	Loading Factor	Outer VIF
Recruitment Strategy	Cronbach's Alpha = 0.908, Composite Reliability = 0.935, AVE = 0.783.	RS		
	1. Time to Fill	RS.1	0.864	2.433
	2. Quality of Hire	RS.2	0.921	3.574
	3. Candidate Satisfaction	RS.3	0.902	3.062
	4. Diversity of Hires	RS.4	0.851	2.353
Employee Morale	Cronbach's Alpha = 0.898, Composite Reliability = 0.929, AVE = 0.766.	EM		
	1. Organizational Commitment	EM.1	0.858	2.261
	2. Job Involvement	EM.2	0.896	3.063
	3. Self-Efficacy	EM.3	0.902	3.187
	4. Personal Ethics	EM.4	0.845	2.198
Compensation Packages	Cronbach's Alpha = 0.866, Composite Reliability = 0.918, AVE = 0.789.	CP		
	1. Salary	CP.1	0.905	2.443
	2. Benefits	CP.2	0.888	2.164
	3. Bonuses	CP.3	0.871	2.201
Talent Acquisition	Cronbach's Alpha = 0.889, Composite Reliability = 0.923, AVE = 0.751.	TA		
	1. Recruitment Advertising Effectiveness	TA.1	0.889	2.707
	2. Talent Acquisition ROI	TA.2	0.812	1.908
	3. Talent Acquisition Process Efficiency	TA.3	0.875	2.607
	4. Talent Acquisition Technology Adoption	TA.4	0.887	2.763

Source: Results processing data (2024)

The recruitment strategy construct demonstrates strong reliability and validity, supported by its high Cronbach's alpha (0.908), composite reliability (0.935), and average variance extracted (AVE) score (0.783). Indicators such as Time to Fill, Quality of Hire, Candidate Satisfaction, and Diversity of Hires exhibit high loading factors ranging from 0.851 to 0.921, effectively capturing the construct. Similarly, the employee morale construct shows robust reliability and validity with high Cronbach's alpha (0.898),

composite reliability (0.929), and AVE score (0.766). Compensation packages also exhibit strong reliability and validity, reflected in high Cronbach's alpha (0.866), composite reliability (0.918), and AVE score (0.789), with indicators such as Salary, Benefits, and Bonuses showing high loading factors. Lastly, talent acquisition demonstrates strong reliability and validity with high Cronbach's alpha (0.889), composite reliability (0.923), and AVE score (0.751), supported by indicators like Recruitment Advertising Effectiveness and Talent

Acquisition ROI. The outer variance inflation factor (VIF) values remain within acceptable limits across all constructs, indicating no multicollinearity issues. Overall, the

measurement model exhibits robust psychometric properties, ensuring confidence in its validity for subsequent structural modeling and analysis.

Table 2. Internal VIF

Variable	VIF Values
Compensation Packages → Talent Acquisition	2.066
Employee Morale → Talent Acquisition	1.630
Recruitment Strategy → Talent Acquisition	1.938

Source: Results processing data (2024)

The Variance Inflation Factor (VIF) values in Table 2 provide insight into the level of multicollinearity among predictor variables within the structural model. Multicollinearity, characterized by high correlations between predictors, can impact the stability and reliability of regression coefficients. Regarding Compensation Packages and Talent Acquisition, the VIF value of 2.066 suggests a moderate level of multicollinearity, indicating some overlap between their indicators. While not severe enough to invalidate

results, caution is warranted in interpreting their relationship. Conversely, the VIF value of 1.630 for Employee Morale and Talent Acquisition signifies low multicollinearity, implying minimal overlap between their indicators, thus supporting a more reliable interpretation of their relationship. Similarly, the VIF value of 1.938 for Recruitment Strategy and Talent Acquisition indicates low multicollinearity, allowing for a dependable interpretation of their relationship.

Table 3. Discriminant Validity

	Compensation Packages	Employee Morale	Recruitment Strategy	Talent Acquisition
Compensation Packages	0.888			
Employee Morale	0.585	0.875		
Recruitment Strategy	0.669	0.547	0.885	
Talent Acquisition	0.764	0.659	0.678	0.866

Source: Results processing data (2024)

Discriminant validity evaluates the distinctiveness of constructs within a measurement model, ensuring they measure unique aspects rather than variations of the same underlying concept. This assessment is typically conducted by examining correlations between constructs, aiming to avoid excessively high correlations. In the provided correlation matrix, the diagonal represents the square root of the Average Variance Extracted (AVE) for each construct, serving as a reference point for assessing

discriminant validity. Off-diagonal values depict correlations between pairs of constructs. For Compensation Packages, the diagonal value of 0.888 surpasses its correlations with Employee Morale (0.585), Recruitment Strategy (0.669), and Talent Acquisition (0.764), indicating sufficient discriminant validity. Similarly, Employee Morale exhibits discriminant validity with a diagonal value of 0.875 exceeding its correlations with other constructs. Recruitment Strategy and Talent Acquisition also demonstrate

discriminant validity, as their diagonal values (0.885 and 0.866, respectively) surpass correlations with other constructs. This analysis

confirms that all constructs are distinct within the model, ensuring robust discriminant validity.

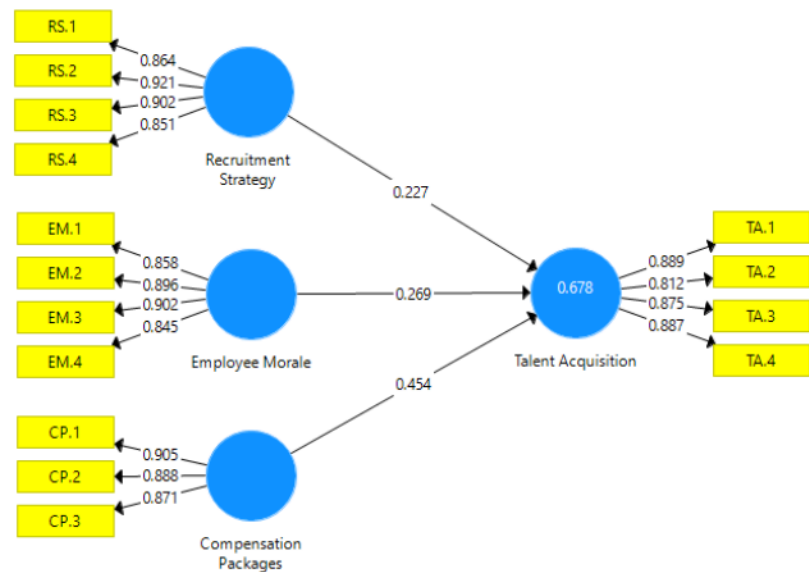


Figure 2. Model Internal Assessment

c. Bootstrapping Test

Bootstrapping is a resampling technique used to estimate the sampling distribution of a statistic by repeatedly sampling from the observed data with replacement. It is commonly employed in structural equation

modeling (SEM) analysis to assess the significance of path coefficients and test the overall model fit. The results of the bootstrapping test provide insights into the reliability and robustness of the estimated parameters in the structural model.

Table 6. Bootstrapping Test

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistic	p-Values
Compensation Packages -> Talent Acquisition	0.454	0.452	0.084	5.405	0.000
Employee Morale -> Talent Acquisition	0.269	0.271	0.087	3.080	0.002
Recruitment Strategy -> Talent Acquisition	0.227	0.228	0.075	3.048	0.002

Source: Results processing data (2024)

The analysis reveals significant relationships between Compensation Packages and Talent Acquisition (path coefficient: 0.454, mean: 0.452, standard deviation: 0.084, t-statistic: 5.405, $p < 0.001$), indicating a positive effect of Compensation Packages on Talent Acquisition in Indonesian technology firms. Similarly, Employee Morale

significantly influences Talent Acquisition (path coefficient: 0.269, mean: 0.271, standard deviation: 0.087, t-statistic: 3.080, $p = 0.002$), suggesting a positive impact of Employee Morale on Talent Acquisition. Moreover, Recruitment Strategy demonstrates a significant association with Talent Acquisition (path coefficient: 0.227, mean: 0.228,

standard deviation: 0.075, t-statistic: 3.048, $p = 0.002$), highlighting a positive effect of Recruitment Strategy on Talent Acquisition within technology companies in Indonesia.

4.2 Discussion

The discussion section provides a comprehensive analysis and interpretation of the research findings, addressing the study's objectives, implications, limitations, and avenues for future research. In this section, we delve into the significance of the relationships between recruitment strategy, employee morale, compensation package, and talent acquisition in technology companies in Indonesia, as elucidated through the SEM-PLS analysis and bootstrapping tests.

a. Impact of Recruitment Strategy

The findings reveal a significant positive relationship between recruitment strategy and talent acquisition, indicating that the effectiveness of recruitment strategies employed by technology companies directly influences their ability to acquire and retain top talent. This underscores the importance of proactive recruitment approaches, innovative sourcing techniques, and employer branding efforts in attracting skilled professionals amidst intense competition in the talent market.

Proactive recruitment approaches, innovative sourcing techniques, and employer branding efforts are crucial in attracting skilled professionals in today's competitive talent market. Studies emphasize that businesses face challenges in securing qualified employees, leading to the adoption of employer branding strategies to attract and retain talent [35], [36]. The use of employer branding

helps establish a positive reputation, making the company more appealing to potential candidates [37]. Additionally, recruitment marketing plays a significant role in influencing job seekers' perceptions and decisions, highlighting the importance of effective communication of branding initiatives to attract top candidates [38]. A systematic review of literature underscores the importance of employer branding in talent recruitment, emphasizing the need for a comprehensive understanding of this critical aspect in the business environment [39].

b. Influence of Employee Morale

The study also demonstrates a significant positive relationship between employee morale and talent acquisition, emphasizing the pivotal role of organizational culture, job satisfaction, and employee engagement in shaping talent acquisition outcomes. Companies that prioritize employee well-being, recognize achievements, and foster a positive work environment are indeed better positioned to attract, engage, and retain high-caliber talent, ultimately enhancing organizational performance and competitiveness. Research findings from various studies support this notion. Studies [40], [41] emphasize the positive impact of a conducive work environment on employee performance and well-being, highlighting the importance of creating a supportive workplace. Additionally, research [42] underscores the significance of promoting employee well-being for improved productivity,

engagement, and retention rates. Moreover, the literature review [43] emphasizes the role of sustainable HRM practices in enhancing employee well-being, reducing environmental pollution, and benefiting company viability. Therefore, by focusing on employee well-being, recognizing achievements, and cultivating a positive work environment, companies can attract and retain top talent, leading to enhanced organizational performance and competitiveness.

Furthermore, the results indicate a significant positive relationship between compensation packages and talent acquisition, highlighting the importance of competitive salary structures, benefits, and incentives in attracting and retaining skilled professionals. Technology companies that prioritize attractive compensation packages, aligned with industry standards and employee preferences, are indeed more likely to excel in recruiting top talent and sustaining a motivated workforce. Research indicates that factors such as experience level, educational background, and specialized skill-set significantly influence compensation determination [32]. Moreover, the use of pay incentives and equity incentives has been shown to effectively motivate employees in technology-based enterprises, enhancing corporate performance [34]. Additionally, the study on employee retention highlights the importance of salary and bonus as dominant indicators in retaining high-caliber employees within a company [44]. Furthermore,

findings suggest that technology firms tend to pay higher compensation, particularly through stock options, compared to non-technology firms, reflecting the higher compensation risk borne by CEOs in the technology sector [45]. Ultimately, offering competitive and appealing compensation packages is crucial for technology companies to attract and retain top talent, fostering organizational success.

4.3 Practical Implications

The findings of this study have several practical implications for technology companies in Indonesia and beyond. By understanding the critical role of recruitment strategy, employee morale, and compensation package in talent acquisition, organizations can develop tailored strategies to optimize their recruitment processes, enhance employee engagement, and design competitive compensation packages to attract and retain top talent. Investing in employer branding initiatives, employee development programs, and performance-based incentives can help organizations differentiate themselves as employers of choice in the competitive talent market.

4.4 Limitations and Future Research Directions

Despite its contributions, this study has certain limitations that warrant consideration. The research is based on cross-sectional data collected from technology companies in Indonesia, limiting the generalizability of the findings to other industries or geographical regions. Future research could explore longitudinal studies or comparative analyses to provide deeper insights into the dynamics of talent acquisition practices across different contexts. Additionally,

qualitative research methods, such as interviews or focus groups, could offer a richer understanding of the subjective experiences and perceptions of employees regarding recruitment, morale, compensation, and talent acquisition.

5. CONCLUSION

In conclusion, this study underscores the importance of recruitment strategy, employee morale, and compensation package in talent acquisition within technology companies in Indonesia. The findings highlight the significant positive relationships

between these factors and talent acquisition outcomes, emphasizing the need for proactive recruitment approaches, positive workplace cultures, and competitive compensation structures to attract and retain skilled professionals. By leveraging these insights, organizations can enhance their ability to acquire and retain top talent, foster innovation, and drive sustainable growth in the dynamic landscape of the technology industry. Moving forward, continued research and investment in talent acquisition strategies are essential for organizations to remain competitive and thrive in the ever-evolving digital ecosystem.

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