

The Determinants of Talent Management on Employees' Performance in Selected Commercial Bank in Klang Valley

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Abstract

Businesses invest a significant amount of resources for their human resource development and the banking sector is not exceptional. The increasing trend of retention rate of productive employees is crucial and a major concern for the organization as it is more efficient to retain a quality employee than to recruit, train, and orient a replacement employee of the same quality. One of the most critical issues facing organizations today is how to retain employees they want to keep. This study investigates the framework of talent management to be practices in human resource development in the banking sector. Talent management is a sequence process of possessing a pool of talent, selecting the right employee, positioning of employment, training to increase the skills of the talent as

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well as the act of retaining the talent respectively. The main focus of talent management is to initially develop and increase the best potentials of the talent works' performance as well as to improve the competitive advantages of the organization. Talent retention turnover can be a hazard for the organization as it involves the variety cost of turnover, transition cost, and replacement cost which can affect the productivity of the organization directly as well as lowering the level of work performance in the organization. This study tested the three determinants of talent management that can increase employees' performance in a selected commercial bank in Klang Valley as it was reported that banking industries have the highest rate of employee retention. The outcome of the study is beneficial to the banking sector to design their talent management and obtained the maximum level of talent management effectiveness and enhance the employee performance throughout the working process.

Keywords: Employees' performance, talent management, human resource management.

Introduction

In a competitive global market, the organization should capitalize not only expanding pool of human capital, but to provide training. Employees who receives the necessary training are more capable to perform in their job. The training will give the employee a greater understanding of their responsibilities within their role and in turn build their confidence. This confidence will enhance their overall performance and this can only benefit the company. Employees who are competent and on top of changing industry standards help your company hold a position as a leader and strong competitor within the industry. Talent management in an organization is essential to develop talent in the most effective way. Talent management is part of the organization's strength which includes integrated programs for selecting employees and leaders for the organizations to grow stronger. (Kamal & Lukman, 2017).

Commercial banks are one of the economic agents under the services sectors that highly contributes to Malaysia Gross Domestic Products (GDP) (DOSM,2019). The role of financial institution (bank) in generating jobs in the economy is huge and contributes a significant share to Malaysia's economic growth (DOSM,2019). According to (Saudi et al., 2020) services subsector sector namely wholesale, finance and communication are significant in generating Malaysia's GDP.

Commercial banks today have their own competitive advantages. One thing that differentiate the commercial banks' capability is their pool of talent (Nzewi, 2016). Some commercial banks funded a huge amount of capital for job training in order to produce a

quality workforce. Nevertheless, some employers are too focused on getting and training their employees and often neglect in retaining their staff (Lockwood, 2006). Notwithstanding the importance of talent management in human resource management, this study tries to mitigate the determinants of talent management that can influence employees' performance. The aim of the study is to investigate the relationship of the talent management determinants on employees' performance in a selected commercial bank in Klang Valley.

Literature Review

The terms "Talent Management" appeared initially during 1997 in "The War for Talent" a book written by McKinsey consultant Elizabeth Axelrod, Ed Michaels, and Helen Handfield-Jones (Bellinger, 2013). The core purpose of talent management is to support the firm develop an extremely powerful as well as self-sustaining company which consists of strict adherence and a quick reflex duration to their organization's goals (Orlova et al., 2015). According to Nzewi (2016), talent management is basically a sequence process of possessing the pool of talent, selecting the right employee, positioning of employment, the efforts of increasing the skills of the talent as well as the act of retaining the talent respectively in particular organizations. The primary objectives of talent management are mostly to ensure the employee was at the right job specialization and within the right frame of time. Separately, the main focus of talent management is to initially develop and increase the best potentials of the talent works' performance as well as to improve the competitive advantage of the organization.

Borkowska (2005), defined creative, enterprising person with high development potential, being the lever of growth in shareholder value where "talent" can be defined by specifying their characteristics. Additionally Poczowski (2008), explained the characteristics of talent is comprised of devising and planning strategically, the traits in authority, an entrepreneurial behavior, the oriented approaches of performance, the capability to influence others, teamwork, and capability of emotional intelligence. Sadri et al., (2015) postulated that talent management consists of key positions of attracting talent, discovering talent, development of the talent, and protection of talent. These key positions can be referred as an orderly identification of key elements in the strategic management to establish sustainable competitive advantage. Sadri et al., (2015) added that in ensuring the correct people with the suitable skills in the accurate job specialization would particularly achieve the organization goals and mission.

Pradhan (2017) suggested the employees' performance comprises specific behaviour engagement and the expected outcome that is relatively related to each other in the workplace. However, the expected outcome is influenced by other aspects such as cognitive abilities and motivation. Ahmad and Shahzad (2011) concluded that employees' performance represents the employee's entire belief system in their behavior and contributions to the organization's achievement. Anitha, (2014) stated that an employee's performance is an indication of the employee's financial or other results that is linked directly to the organization's efficiency and its achievement. It also disclosed that management, team and co-worker relationships and professional growth, reward program, as well as staff involvement and others are key variables that determine the efficiency of employees.

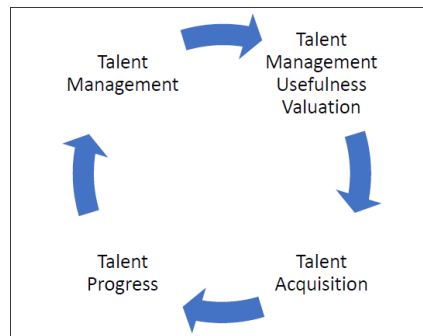


Figure 1: *Talent Management Cycle*

(Source: Orlova et al., 2015)

Talent Attraction

As postulated by Mangusho et al., (2015), talent attraction is fundamentally known as the recruitment and selection process as well as employer public image. Cited in Mangusho et al., (2015), the recruitment and selection process can be various in terms of methods and techniques used depending on the organization's value needs as well as its culture. It requires the right talent or the right job position. The very foremost task in recruitment is attracting or sourcing a group of potential employees also known as a pool of talent with special traits internally or externally.

Recruitment and selection is often been referred to as part of talent attraction and it is commonly presented as a strategic activity, consisting of certain synchronized and relatedly linking phases within a progression of employee resourcing, that is placed in a broad aspect of human resource management strategies (Bratton & Gold (2007). Additionally, there is a clearer connection between selection and recruitment by

separating the terms in the progression of development of a pool of talent (people) with desired qualifications for a selected department in an organization. Selection however, can be referred as the procedure of choosing the selected applicants that fulfill the desired requirements and qualifications needed., The goal is to select talent that seen likely to succeed in the specific position or jobs and has the capability to achieve the firm's goals.

Lyria (2017) states that apart from the elements of the talent attraction that comprise recruitment and selection, the employer's public image or branding is also related to attract talent. The employer's public image or branding can be referred as the development of the firms' reputation and image that can be the catalyst to attract the pool of talent. It is hard to attract the pool of talent without having a good employer's brand image (Ana, 2009). Therefore, managing the organization effectively is important to increase reputation and a good representative image of the organization in order too attract the pool of talent.

Career management

As cited in Lyria (2017), career management concernss the elements of career development and preparation. Career management is mainly focused on planning employees' growth and career path or planning within the job specialization and the expectations of the employees. These management objectives include the initiatives of development, coaching, performance feedback from management, succession planning as well as a reward system.

According to Dargham (2013), career management can include both informal and formal actions that consists of a broad of organizational program of career progression ladders, work rotation, employees' workshops, and work enrichment. These can be opportunities for growth and career improvement by providing the chances that can contribute to career identity of the organization.

Sturgeins et al., (2002) noted that career management is referred as the final stages in the main area of talent management. It is related with learning and development in which employees have a clear path towards their career development.

Talent retention

According to Nzewi (2016) talent retention is defined as the strategic opportunity perception in a multi-sector firm that aims to maintain as well as enhance the competitive

workforce. Through screening and collecting the pool of talent and retaining the talented employees, the potential possibilities and opportunities can be identified by upper management in the organization.

Similarly, Lyria (2017) suggests that talent retention is a measure to maintain and remain the workforce in the organization for the maximum time. In talent retention, turnover can be a hazard for the organization as it involves the variety cost of turnover, transitions cost and, replacement cost which can affect the productivity of the organization directly as well as lowering the level of work performance in the organization.

Based on the recent study towards the impact of talent management on performance of staff conducted by Sadri et al., (2015), the researchers postulated that talent retention can be referred to as a protection of the employee which be a subsystem of maintaining the talent management system with the objective to help an employee to convert all capabilities gradually. The subsystem of maintaining e talent management is linked to a compensation package.

Research Methodology

According to Sekaran and Bougie (2017), research methodology has specific purposes. A particular study using a suitable research methodology is conducted to provide complete guidance in implementing the research to be clear and operative. It is also part of a scientific method to describe the approaches and methods used in research (Mok, 2009). Therefore, in this study, the researchers chose a quantitative research design using a survey method that utilises a specially constructed survey questionnaire form adapted from the relevant literature review findings and by consulting experts in the field of study to guide the research questionnaire formulation. The choice of quantitative research method approach is due to the nature of the research focusing on controlled objective research phenomena through data collection and analysis.

In this study, a total number of 150 questionnaires were distributed, and a total of 130 usable questionnaires were retrieved from the department of retail banking, loan servicing and investment banking. The research sampling is based on convenient sampling technique. According to Borges et al., (2017), convenient sampling technique is basically based on the convenience of the researcher. Convenient sampling technique is a part of non-probability strategy as the population is not able to be determined. Pilot test is also known as a mini version of a full-scale study and it is a convenient tool for researchers due to its capability to examine methods of data collection and reveal any errors or misconceptions of the questionnaires. (Teijlingen & Hundley 2002).

Table 1:

The Finding of the Relationship of Talent Attraction, Career Management, Talent Retention, and Employees' Performance Employees' Performance

| | Magnitude of relationship | Coefficient (r) | P value |
|-------------------|----------------------------------|------------------------|----------------|
| Talent Attraction | Moderate | .606 | 0.000 |
| Career Management | High | .854 | 0.000 |
| Talent Retention | Moderate | .616 | 0.000 |

Discussion and Conclusion

Empirical findings depicted a moderate relationship between talent attraction and talent retention with employees' performance and a strong relationship between career management with employees' performance. A positive linear relationship found from the three determinants of talent management, namely talent attraction, career management, and talent retention are closely related to employees' performance. This finding is in line with Pradhan (2017), Sadri et al., (2015) and Anitha (2014). Ensuring the correct people with suitable skills in the accurate job specialization would particularly achieve the organization goals and mission. It is recommended to add more variables in future studies that can connect talent management and employees' performances. The outcome of the study is useful for the employer to develop a framework in creating potential talent in the organization to increase employee's performance and maximize employee's retention rate. Attracting top talent in management creates opportunities to attract more talented skilled employees. A good career management path for the employees will provides good motivation to contribute more among employees. It creates an employer brand that could attract potential talents and in turn contributes to the improvement of the organizations' business performance and results. Having strategic talent management helps organizations keep their employees motivated, which creates more reasons for them to stay in the company and do their tasks. Finally, talent management allows companies to make systematic and consistent decisions about the development of staff, which guarantees the employees' skills and development. This study is measured based on three determinants of talent management and it is for future studies to add more determinants of talent management in the framework.

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