

**Impact of Talent Management Practices on Employee Performance: A study of  
Private Banking Sector**

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**Abstract**

*Organizations focus on talent management practices to eventually get high performance increased efficiency and effectiveness. This research focuses on the impact of talent management practices on employee performance in the private banking sector in Pakistan. Talent management is the most important factor related to employee performance. Utilizing simple random sampling technique data were collected from the self-report survey from employees of six private banks of Hyderabad, Sindh, Pakistan. PLS-SEM technique was applied to test the study model. The findings of this study show that talent development and talent retention are significant predictors of employee performance in the banking sector. Implications for theory and practitioners are discussed in the last section of the paper.*

**Key words:** Talent Attraction, Talent Development, Career Management, Talent Retention, and Employees' Performance

**Introduction**

Talent management is getting importance worldwide. Due to the scarcity of talented employees organizations are fighting for getting the right talent at the right place at right time to achieve the organizational goal through maintaining performance (Mervat, 2018). Thus, talented people are the only source for the organization to achieve higher goals in challenging situations (Mkamburi & Kamaara, 2017).

Nowadays, talent management practices are followed almost in every sector. The manufacturing industry and services sector depend on talented people who are the only source for the organization to achieve desired goals and high performance. Hence, organizations are trying hard to attract and retain top talent to maintain their operations and continue to grow as a competitive advantage. Additionally, Bibi (2019) pointed out that further research should be conducted on the impact of talent

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management organizational performance. Numerous studies are available on the topic of talent management practices and employee performance, however, scant attention has been paid to the banking sector in Sindh. To fill the existing research gap, this study aims to examine the impact of talent management in private banks in Sindh.

### **Talent attraction**

Talent attraction is defined as creating a pool of eligible candidates for a vacant job, and the process stops at the selection of a suitable candidate for that job (Armstrong, 2011). Organizations set a variety of techniques to bring in appropriate talent. Talented employees have to pass every phase who wants to prove them as most talented, competent, and suitable for the jobs. Bringing the right talent in the organization is the key to success; talented employees serve the organization and believe that their success will be observed by the success of the organization (Lyria, 2015). They believe with teamwork every goal will be accomplished easily and quickly (Jhatial et al., 2012). Thus, it is hypothesized that ***H1: Talent attraction is negatively related to employee performance.***

### **Talent Attraction and Development**

Talent attraction is the first step of the talent management process (Alurwaili, 2018). There are a lot of ways to attract talented individuals but one of the most popular ways to select potential candidates is the recruitment and selection process. Hence, organizations paying great attention to the recruitment and selection process to select the right talent at right time as intellectual capital is considered the main source to lead an organization at the peak of success. (Rabbi, Ahad, Kousar & Ali, 2015). Talent attraction is the process of recruitment and selection of the most capable candidate from the pool of Candidates that which candidate is suitable to fulfill the task in a challenging situation which will increase efficiency and effectiveness in the role assigned to them (Bratton & Gold, 2017). According to (Oaya, Ogbu, & Remilekun, 2017) recruitment is a process of discovering a suitable candidate for a vacant post, while selection is means through candidate is choose among the available pool. Recruitment is concerned with the search for a candidate. Whereas, the selection is concerned with selecting an individual to do a job. Hence, to hire and select a candidate at the right person at right time at the right post will serve to organization performance (Anosh, Hamad, & Batool, 2014). Recruitment and Selection is used as a tool or technique to enhance the performance of employees by providing opportunity and familiarizing with the organization. They also pointed out that staffing

(Recruitment & Selection) has a positive relationship with employee's performance (Pahos & Galanki, 2018). Talent management possesses two basic objectives, such as, developing senior managers for tomorrow and growing high potential people for the organizations. Talent development definitely affects the bottom line of an organization; it is discovered and reported by 94% of respondents (CIPD, 2006). Talent development creates employees for forthcoming management, and it enables the employees for high-potential leadership roles (Byham et al., 2002). Talent development should be associated with business strategy (Kermally, 2004). Employees advance by improving their status in the organization and augment experience (Cappelli, 2008). To facilitate the development of the organization, it is essential to develop the talent of its employees. An organization needs formal and informal learning to arrive at the highest potential (Kehinde, 2012). It is imperative to develop the employees' talent, who can become the productive means of earning for the organizations (Davis, 2007). Employees get motivation in developing talent due to social and economic benefits. Talent development motivates employees to think high to grab management and administrative positions (Davis, 2007). Therefore, it is hypothesized that,

***H2: Talent development is positively related to employee performance.***

### **Career management**

Career management refers to a sequence of jobs and activities related to personal development, commitment, planned and unplanned activities linked with the career growth over a specified period of time (Clark, 1992). Career management helps identify career weaknesses and strengths and setting priorities for specific career goals (Baron & Greenberg, 1990). Career management supplies information for the numerous career paths and alternatives within the organization. It produces annual reviews for employees whether they progress to the set priorities and goals or highlights weaknesses, which can help employees improve efforts (Karanja et al., 2014). Organizations wish to maintain high performance due to career counseling, career mentors, career centers, and succession planning to support career management (Avkir et al., 2012). Talent attraction supports the organization in reaching its vision and mission whereas talent retention remains a challenge for the organization. Talented employees move quickly to different jobs and organizations. Organizations are always in quest of talented employees who perform well (Jhatial et al., 2012).

Talent attraction and development are easy steps to be done, whereas talent retention is a very complex job for managers (Mahesar, 2015). Career management is a composition of career planning and management that focuses on employee development and career progression (Allen, 2005). Formal and informal activities, including job enrichment, job rotation, career-related workshops, and include job enrichment, job rotation, and career-related workshops, including job enrichment, job rotation, career-related workshops, and progression ladders, are connected with career management. For instance, an Organization may also contribute to career identity by providing abundant opportunities for career advancement to its employees (Dargham, 2013). Career management increases employee commitment and in consequence, organizational performance will also increase (Sturges et al., 2002). Effective career management facilitates individuals to make informed decisions dependent on their talents, ambitions, and values (Greenhaus et al., 2000). Career management sustains employees in the organization, and it encourages them to work hard and further develop further skills and abilities that will help the organization stay for long (Brown, 1998). So, it is hypothesized that:

***H3: Career management is negatively related to employee performance.***

#### **Talent Retention**

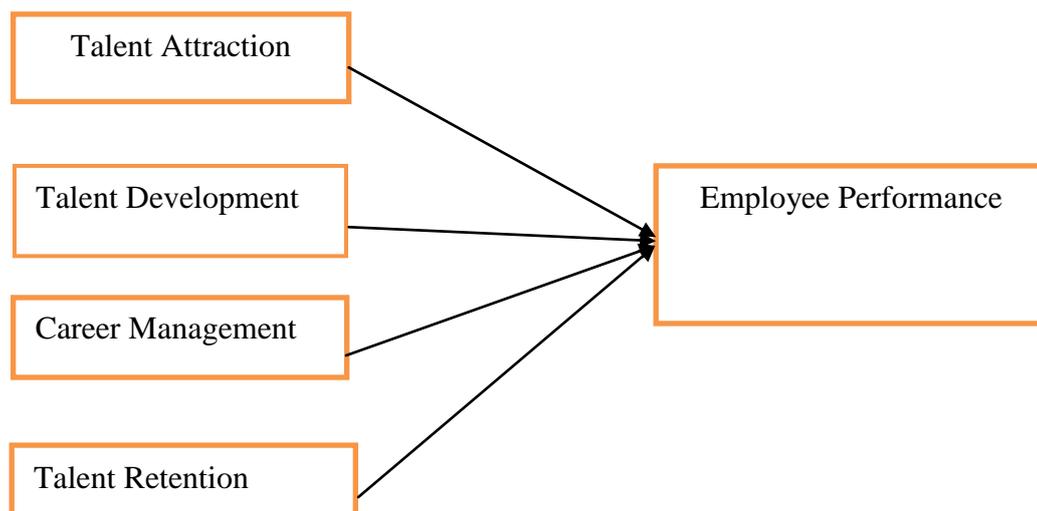
Talent retention is the process of keeping employees contented and attached to their jobs, making no intention to leave or think for other jobs or for other organizations (Mahesar, 2015). Talented employees leave quickly if they do not get satisfied at a present job in the current organization (Jhatial et al., 2012). Talent retention is the prime task of management to keep employees happy at work without any intention of having any intention to leave and look for other jobs (Rizwan et al., 2013). Organizations incur high costs of recruitment, selection, and training during the process of talent attraction and development. Leaving employees negatively impacted the image of the organization in the job market (Zikmund, 2000). Organizations that are successful in retaining talent can easily reach their vision within the timeframe or even before it (Frank & Taylor, 2004). Talent retention helps management to enjoy the profits at every interval and extend business boundaries almost at every corner of the country (Baum & Kokkranikal, 2005). It is hypothesized that:

***H4: Talent retention is positively related to employee performance.***

### Employee performance

The success of any organization depends on its employees. People are considered the most important asset of the organization. Giving the right task and responsibility to employees really makes employees contribute well to organizational success (Jhatial et al., 2012). The organization grows productivity and performance due to its employees. The rise and fall of an organization indeed depend on employees. Employee performance is directly linked with organizational performance (Rizwan et al., 2013). Employee performance is a result of teamwork when they work in one direction. Good communication, coordination, and cooperation help employees to do the job with consistent guidance, which reduces the chances of errors (Davis, 2007). The study framework focuses on talent attraction, talent development, career management, talent retention are the independent variables having a positive and significant relationship with employees' performance (dependent variable).

Figure 1: Theoretical framework



### Research design

This study is cross-sectional and quantitative. Data were collected by structured questionnaire based on seven-point Likert scales, containing 41 question items related to talent management practices, i.e. talent attraction, talent development, career management, talent retention, and employee performance. The sample size was 250 employees of the banking sector of Sindh, Pakistan.

**Measurement:** Five parts of the questionnaire were broadly related to talent management, which was curtailed down into four elements: talent attraction, talent development, career management, and talent retention. Talent management is the independent variable and employee performance is also the element of a structured

questionnaire, which is the dependent variable. Seven question items measured talent attraction, 08 question items measured talent development, career management was measured by 10 question items, talent retention was measured by 07 question items and employee performance was measured by 07 question items. Items were adapted from prior research studies (Lyria, 2015). Items were measured on seven points Likert-type scale, number 1 showing strongly disagree and number 7 showing strongly agree.

### **Results and discussions**

During the descriptive analysis of this study, mean values were determined for 41 question items. The threshold value for significant mean value is 3.5 at which items were considered fit for further analysis. All items were found fit and significant with above or equal given threshold value of the mean. The corrected item-total correlation was determined for 41 question items. The threshold value for significant corrected item-total correlation value is 0.19 (Kehoe, 1995, Ebel & Frisbie, 1986; Ray, 1982). Cronbach's alpha was checked to establish the reliability of the instrument. It shows inter items consistency among the items measuring a given variable see table 1. Literature suggested that Cronbach's alpha value should be equal to or greater than 0.6, and then the scale is set to be valid. 250 structured questionnaires were distributed among employees of the banking sector of Sindh, Pakistan, out of which 151 questionnaires were returned and considered fit for data analysis and interpretation. Data analyzed by SPSS and SEM Smart PLS.

**Table 1 Reliability of the instrument**

<b>Variables</b>	<b>Cronbach's Alpha Value</b>
Talent Attraction (TA) 07 items	0.853
Talent Development (TD)08 items	0.929
Career Management (CR) 10 items	0.908
Talent Retention (TR)09 items	0.845
Employees Performance (EP) 07 items	0.737
Aggregate reliability (Total items 41)	0..955

The demographic information of the participants is given below in (table 2, appendix A). Male employees were more than female employees, with a percentage of 77.5% out of 100. Married employees were more than single employees, with a percentage of 55.0% out of 100. The majority of the employees were between the age group of 20-29 years with a percentage of 47.5% out of 100. Most of the employees were master's degree holders with a percentage of 70% out of 100. The majority of the employees were between 2-10 years with a percentage of 75.0% out of 100 who had participated in filling out the questionnaire survey.

**Table 2 Demographic information of the participants**

Demographics	Categories	Frequencies	Percentage
Gender	Male	31	77.5
	Female	22.5	22.5
Marital status	Married	22	55.0
	Single	18	45.0
Age	20-29	19	47.5
	30-39	18	45.0
	40-49	3	7.5
Education	Bachelor	12	30.0
	Masters	28	70.0
Experience	Less than 1 Year	5	12.5
	2-10 years	30	75.0
	11-20 years	5	12.5

During analysis, the factor loading of all items measuring a given construct, some items are removed according to the standard value provided in the literature, i.e., the factor loading value should be greater than 0.7 (Hair et al., 2010). Thus all items were loaded with more than a significant threshold loading value as was suggested by the literature except the items, i.e., TA1, TA5, TA7, CM10, TR1, TR2, TR5, EP4, EP5, and EP6 with lower threshold loading value were removed from further analysis.

Tables 3 and 4 show convergence and discriminant values and AVE, Composite reliability, R square, and Cronbach’s alpha values measured for each construct. Literature suggested that the AVE value should be greater than 0.5 (Fornell & Larcker, 1981). Composite reliability and Cronbach’s Alpha values should be greater than 0.7 (Nunnally, 1978). R square was used to find out how much variability is described by independent variables (Hair et al., 2006). The results illustrated that all the constructs had the highest convergence of measures on their own proposed construct than on the unintended constructs, which showed that the constructs were correctly operationalized and relatively distinct (Chin et al., 2002).

**Table 3 Convergent and discriminant validity**

	CM	EP	TA	TD	TR
CM	0.738241	0	0	0	0
EP	0.4299	0.770844	0	0	0
TA	0.7587	0.3651	0.816517	0	0
TD	0.7587	0.4283	0.8203	0.767984	0
TR	0.7832	0.5304	0.6676	0.6561	0.834326

**Table 4 Average Variance Extracted, Composite Reliability, R square**

Variable	AVE	Composite Reliability	R square	Cronbach Alpha
TA	0.6667	0.8576	0000	0.8576
TD	0.5898	0.9198	0000	0.9004
CM	0.545	0.9217	0000	0.9044
TR	0.6961	0.8982	0000	0.8725
EP	0.5942	0.7617	0.2991	0.6449

As shown in Table 5, talent development has a positive and significant impact on employees Performance ( $\beta= 0.2398$ ,  $t = 1.9827$ ). Despite this, the relationship between talent attraction and employee performance is not supported ( $\beta= -0.1003$ ,  $t = 0.6415$ ). Whereas, career management is not a significant and negative relationship with employees' performance ( $\beta= -0.0496$ ,  $t= 0.1831$ ). Finally, talent retention has a positive and significant impact on employees' performance ( $\beta= 0.5119$ ,  $t = 3.1472$ ).

**Table 6 Hypotheses testing**

Total Effects	Beta	Standard Error (SE)	T-Statistics
CM -> EP	-0.0496	0.2005	0.1831
TA -> EP	-0.1003	0.2108	0.6415
TD -> EP	0.2398	0.2147	1.9827
TR -> EP	0.5119	0.1547	3.1472

**Conclusion**

Talent management practices play a key role in enhancing employee performance (Lyria, 2015). Talent management practices help in bringing required talent to the organizations. In contrast, particular talent management practices which were focused on in this study are talent attraction, talent development, career management, and talent retention. This study revealed that talent development and talent retention were the significant predictors to augment employee performance in private banks of Hyderabad, Sindh, Pakistan. In contrast, talent attraction and career management have no links with employee performance. Private Banks are particularly suggested to focus on talent development and talent retention, which have clear and close relation with enriching employee performance. This study further revealed that talent attraction and career management have no links to employee performance. Though both aspects of talent management practices are closely related to employee performance, they may have a linkage with employee performance in other sectors

like the service sector of Pakistan (Abbasi et al., 2010; Bayyurt& Rizvi, 2015; Aurangzeb & Sana, 2016).

### **Implications**

This present research would mainly impact talent management practices among employees and their performance in private commercial banks of Hyderabad, Sindh, Pakistan. This research not only contributes to the theoretical background of the employees' talent management domain but also practically helps organizations to consider their human capital and invest them to receive high objectives. Prior studies related to talent management also revealed that talent management is the most important factor related to employee performance. If organizations managing the practices that exercised talent among the employees eventually got the high performance and increased the productivity. Talent management practices help organizations to achieve goals and increase productivity and profitability (Mahesar, 2015). Talent management practices keep organizations on track of progress to accelerate the production process and service delivery; both are perceived sources of long existence for any firm (Jhatial et al., 2012). The success of any organization depends on its employees. Giving the right task and responsibility to employees makes employees contribute well to organizational success (Jhatial et al., 2012). Talent management not only enhances the organization's performance but it polishes employees' skills through training and different activities. Talent management practices increase motivation in employees and increase their commitment to their work tasks.

### **Limitations and future directions**

Talent management in the future will change according to the nature of the work within different organizations and the work environment as per employers' needs. More defined and tailored skills should be developed to retain skillful employees is the basic job of the HR department in organizations. As it is already explored that many research studies have been conducted on the talent management practices, but the limitation for this study is 'the context' as it only focused on the Hyderabad region of Sindh province, national and international perspective is still underneath. Only private banks of Hyderabad are selected other types of banks and private and public companies, educational institutions are industrial perspectives are also required to be studied to enhance the productivity through talented employees. There are other variables to be studied in the future. Some studies are already available on private

banks but they were not undertaken on talent management practices and employee performance. This study presents empirical evidence from the private bank of Hyderabad, Sindh, Pakistan. In the near future, a severe modification for the war for talent will emerge. The study is required to fight the scarce talents pools in the future to overcome the problem of change in the nature of work due to technological advancement. Data analytics science will also help to cater to talent management issues in near future. Almost every organization has a lack of suitable candidates. Succession planning can also enhance talent management within an organization for a higher outcome. The rapid change in workplace and environment will be needed new talent in already available employees and for their recruitment, training, development in an organization.

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