

Talent Management Implications in the Lebanese Banking Industry

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Abstract Talent Management is essential to the success of any organization. Leaders need to recruit, train, and retain qualified employees. Providing incentives and developing individual is the difference between engaging people and merely employing them. Investing in talent management will provide financial benefits as it improves the company's culture. The purpose of this study is to define the relationship between talent management and organizational performance. Talent management initiatives include attraction of candidates, selection, on-boarding programs, career management, potential identification, performance appraisal, succession planning, training and development, engagement and retention. In brief, talent management initiatives cover the complete employee lifecycle. On the other hand, organizational performance will be measured through the leadership quality, teamwork quality and employee satisfaction. This study explains that implementing the aforementioned initiatives, will result in increasing employee satisfaction, improving the cooperation between team members and department, as well as enhancing business leadership skills, in addition it will increase the overall financial outcome of the organization.

Keywords Talent Management, Employee Retention, Employee Engagement, Productivity

1. Introduction

Talent management takes hard work and dedication. It is not enough to recruit qualified candidates, successful talent management is to have a skilled workforce and complete succession plan without and destructive gaps that would cost the company if an employee were lost. The best way to retain employees is to establish a talent management pool and motivate them by establishing goals that resonate with personal goals. This will improve productivity and performance.

Nowadays, Talent management is one of the biggest challenges facing the organization; and according to the Human Capital Institute, "the single greatest challenge in workforce management is creating or maintaining their companies' ability to compete for talent." Studies have shown that the demand for talented labors in the coming years is going to increase, while the supply will drop. (Foster, 2014)

There is no doubt that technology and globalization have changed our lives, as they have led to increased competition

on talent. Thus, the potential growth of organizations worldwide depends on the ability of companies to ensure that the right people with the right skills are in the right place at the right time, and focused on the right activities. For these reasons, talent management has been elevated to the top of strategic human resources management challenges, acquiring the highest priority across all organizations. (Fowler, 2016)

However, when it comes to talent management initiatives, executives can no longer try to avoid it inside the organization, since an ineffective talent management program means that organizations are performing behind their competitors. Besides, the study results show that improper talent management results in high employee turnover rates, loss of productivity, and other negative impacts.

Therefore, a strategic talent management system inside the organization helps the company to drive business change and create a competitive advantage. By identifying and developing high quality replacements for a small number of positions designated as key to current and future organization success, companies are shifting from being reactive to being proactive.

Research Problem

In times of uncertainty, Talent management face many challenges, as positions dilate to include many proficiencies,

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fewer qualified employees are available to fill vacancies and the competition becomes fierce to recruit and retain skilled employees.

It is true that tackling talent management is not easy, but once it is well-implemented, the results feed straight through the bottom line.

Through this study, the old perception of Human Resources will change:

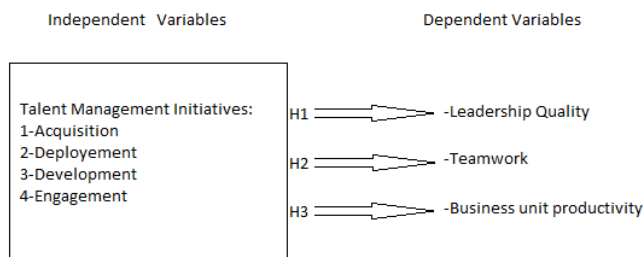
- Developing employees will no longer be considered as too costly, expensive and uncertain.
- Organization will know what to do in order to match the supply and demand for talent.
- A new concept of talent management will be revealed.

Research Objectives

In this difficult economic climate where organizations want to achieve more with fewer resources, the Human Resources department feels the need to increasingly demonstrate the effectiveness and the value of return on investment (ROI) of all related talent initiatives. Since it sounds a bit complicated for non-financial and HR people to figure out the return on investment in the talent field and particularly for staff development; as Mark Hodgson, a leader in Talent Management, says “it’s tough to call to demonstrate the ROI on talent initiatives” (Hodgson, 2013). This study will highlight the impact and benefits of such a system on business results. The main focus will be on the impact of talent management system/ initiatives from attracting to retaining employees, highlighting the intangible results and clarifying how talent management can impact business success.

Therefore, this thesis will solve the dilemma of whether the talent management should be adopted inside the organization or not by explaining the talent management implications on firms and employees’ performance.

Research Model



Research Hypothesis

To be able to answer the research question, at least two hypotheses must be proposed. The general hypothesis (business unit and employee performance are positively correlated with the implementation of talent management initiatives) will be rejected or accepted by testing separately the impact of talent management initiatives on each dependent variable (business unit productivity, leadership quality, teamwork quality) aside. As a result, three sub-hypothesis were broken down from the general one as stated below:

H1: Talent management initiatives have an impact on leadership quality.

H2: Talent management initiatives have an impact on business unit productivity.

H3: Talent management initiatives have an impact on teamwork.

2. Literature Review

TALENT MANAGEMENT

It started first with the Personnel Department in the 70s to 80s, which was responsible for managing all the administrative and personnel activities. In the middle of the 80s, the business grew into corporation and there was a necessity to have more resources, while realizing the need to develop and train current employees, as well as plan for the future manpower. These circumstances have led to the evolution and establishment of the human resources management concept or HR as it is more often abbreviated to. In the 1990s, the Human Resources Department started to take part in all the strategic decisions, becoming more than a business function; considered more as a business partner, involved in setting and executing all the strategic decisions. Therefore, the shift from “Personnel” to “Human Resources” was necessary to transform the human capital as strategic asset.

Moreover, in the latter part of the 90s, the war for talent has been declared; and the main roots for talent management were translated in effective and efficient recruitment process, employees’ development programs, reinforcement of company’s culture and values, potential and successor identification with relevant trainings. (Tubey & al., 2015)

Talent management is now the central of business. A good business strategy to meet its preset goals should include the plan and the methodology of how to develop its manpower. Through examining the pipeline of recruitment, setting a competitive compensation plan, developing and training talent, and assessing employee performance, the organization gains a competitive advantage and sustains its business. (Filmer, 2012)

What is Talent Management?

Since different companies may define talent management in different ways, at this section, we will have an overview on several definitions in order to finally come up with one definition and base our study on. The below approach in selecting the definitions reflects several ways of defining talent management through highlighting its impact/purpose.

Today talent management is known as a systematic approach to attract, screen, select the right talent, engage, develop, deploy, lead and retain high potential and performer employees to ensure a continuous talent feeding inside the organization aimed at increasing workforce productivity (Behera, 2016).

EMPLOYEE ENGAGEMENT

Employee engagement is a concept oriented toward increasing employees' commitment to their organization's goals, value and culture; it is when they feel pride and loyal, when they are committed to something or someone and when they show willingness to do an extra effort in their job without any supervision. For the previous reasons, it has become a top business priority for all executives. (Vance, 2006)

Due to the past economic crises, the organizations are shifting toward investing for growth away from cost reduction. In addition, some studies show a direct link between engagement and employee performance; a high performing workplace is equal to highly engaged workplace.

Furthermore companies are increasingly monitoring their engagement levels, not only to improve productivity, but also to reduce cost, improve customer service and enhance effective communication (Robertson-Smith & al., 2009).

EMPLOEES RETENTION

Since the quality of manpower is considered as the most important intangible asset, the organizations are increasingly taking effort to attract and retain top talent, to sustain their business and survive in the future "a company is only as good as the people it keeps". Can you imagine how much is it difficult for organizations to lose someone who has taken considerable money and time for his development? This is why recruiting top talent is never enough; the managers have to continuously implement a critical retention strategy. No organization can retain all its talent pool, but reducing employee turnover is a strategic issue and very beneficial for the organizational bottom line. Many reasons are behind employee's resignation, such as increased workload, bosses' style, lack of incentives and absence of a clear career growth. (Ramlall, 2003)

Significant costs occur when an employee leaves:

- Recruitment: in terms of time and resources allocated to recruit and select.
- Training: in terms of money and time needed to develop and train the employee.
- Lost productivity: in terms of time needed for the new employee to start performing and operating at the highest level.

In addition, it is difficult for suppliers and customers to deal with organizations that cannot hold their employees, especially with different salesmen. Regardless of what skills are left with the employee, replacing staff is very expensive. In order to solve this issue, the organizations should first recognize the problem, uncover its causes, and benchmark it with similar organizations in the same industry to set targets accordingly. (Nammour, 2015)

3. Research Methodology

This part will outline the research methodology used in

this study including the epistemology, the measurement approach, the variables, the population, the instrument and software adopted to collect and analyze data. It will also outline the hypotheses that will be rejected or approved after analyzing data, thus the dilemma, mentioned in chapter one about whether talent management initiatives have impact on business and employee performance should be adopted or not, will be solved.

This research displays the correlation between talent management initiatives (acquisition, deployment, development, retention and engagement) and organization performance (business unit productivity, leadership style and Teamwork).

Burn and Grove, 2009 define research design as: "a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings" (Burn and Grove, 2009). It sets the strategy that the researcher will adopt to collect and develop information in an accurate way; it also offers guidance to formulate, structure, and execute the study in the right way to attain the desired objectives and maximize the validity of findings. Concise descriptions of the target population, as well as of the sample selected are developed.

Variables

Knowing that we are studying the impact of talent management initiatives, we have selected the acquisition, deployment, development and retention and engagement as one independent variable under the talent management initiatives; these initiatives were reflected through the first questionnaire. On the other hand, we have selected business unit productivity, leadership quality and teamwork as dependent variables to reflect the outcome resulted by implementing those initiatives; data related to the dependent variables was collected throughout a second questionnaire distributed for the same employees.

Independent Variables

Talking about the statistic variables, the independent variable in this study is the input for data analysis collected through the first questionnaire distributed at several LEBANESE branches during phase 1. The independent variable used in this study is previously described. The four dimensions listed below were merged together and considered as one variable named talent management initiatives "TMI". The data collected through the first questionnaire is related to the following initiatives: (acquisition, deployment, development and engagement).

Dependent Variables

The independent variables are considered as the input for the study while the dependent variables are the output. The output or the factors that will be affected in this study are the business unit and employees' performance such as business unit productivity, leadership quality and teamwork. These variables can be measured through the 360 degree feedback or organization's profit. The variables are (leadership quality, teamwork and business unit productivity).

Populations and Sampling technique

The target population as Brenda G. Cox defines” is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize.”(Brenda G. Cox, 1993)

In this study on the impact of talent management initiative, the target population comprises all LEBANESE BANKS employees who are enrolled in the business units’ HR system. These employees are full-time job workers; hence, it is easy to define their number and characteristics since there is a formal register for everyone, in addition to an employee profile which is created by the Human Resources department highlighting the employee status: resigned, active, or inactive.

The targeted population is considered as ideal to base our conclusion upon since it includes all the cases about which we would like to make generalization.

The cluster sampling method is used in this study, where the entire target population is divided into three main clusters (frontline, middle management and upper management), where each element pertains to one cluster only.

A random selection of 200 employees was performed to reduce and eliminate bias. All business unit employees in Lebanese Banks had the same chance to participate and answer the questionnaire. In total 174 fully filled questionnaires was accepted for statistical manipulation, a percentage of 87% which is an acceptable response rate for the cluster sampling technique and allow the results to be generalized.

4. Data Analysis

Aiming at investigating the impact of talent management initiatives on employee and organization performance, the data was collected, entered into SPSS software and analyzed to test the hypotheses.

IBM SPSS Statistics (formerly SPSS Statistics) software is used for managing data and calculating a wide variety of statistics. It allows in-depth data access and preparation, analytical reporting, graphics and modeling.

5. Fact Finding Results

The data collected through the questionnaire will be analyzed using the SPSS software. This section will outline the extracted reports and the correlation between both dependent and independent variables.

In SPSS to find the p-Value for the hypothesis, we should look at the column titled Sig, it stands for significance level. If sig. is less than 0.05, this means that we have a chance of 5% to obtain results by chance and this is considered by scientists to make the observed effect significant.

This section focuses on the research findings in relation

with the objective of the study which is answering the question: does talent management affect employee and organization performance?

1. TMI Indicator v/s Leadership Quality

This table 1 summarizes the output of ANOVA analysis used to verify the validity of H1 and whether we have significance between “TMI” and the first dependent variable. The first test between “TMI” indicator and question 1 shows that the P-Value is equal to .000; the significance level is below than 0.05; therefore, there is a statistically correlation between the variables. The results are the same for “TMI” and questions two and three, thus we can assume that talent management initiatives have an impact on leadership quality. If talent management initiatives are well implemented in banks, this will increase the leadership quality, and the organization will select, develop and retain successful leaders.

2. TMI Indicator v/s Teamwork Quality

This table 2 summarizes the output of ANOVA analysis used to verify the validity of H2 and whether we have significance between “TMI” and the second dependent variable. The first test between “TMI” indicator and question four shows that the P-Value is equal to .000; the significance level is below than 0.05, therefore there is a statistically correlation between the variables. The results are the same for “TMI” and questions five and six, thus we can assume that talent management initiatives have an impact on teamwork. If talent management initiatives are well implemented in banks, this will increase teamwork and cooperation between team members or between departments. The bank will place each employee in the right place at the right time, and will be able to also set a clear career plan for each employee using the career paths designed by career management permitting smooth and effective horizontal, vertical and diagonal moves. In addition, knowing that only potential and highly performing employees will benefit from this system will create a healthy competition between employees.

3. TMI Indicator v/s Employee Satisfaction

This table 3 summarizes the output of ANOVA analysis used to verify the validity of H3 and whether we have significance between “TMI” and the third dependent variable. The first test between “TMI” indicator and question seven shows that the P-Value is equal to .000; the significance level is below than 0.05, therefore there is a statistically correlation between the variables. The results are the same for “TMI” and questions eight, nine, ten and eleven, thus we can assume that talent management initiatives have an impact on employee satisfaction. The figures can be argued that implementing well talent management initiatives inside banks will increase definitely the satisfaction of employees through engaging and developing them, as well as adopting an effective retention and motivation plan.

Table 1. Correlation between TMI and Leadership Quality (H1)

Talent Management Initiatives	V.S	Leadership Quality	P-Value	Value Less than 5%	Correlated
New Variable Named "TMI" (Talent Management Initiatives)		Your leader is Conveying & communicating company vision and business objectives effectively	.000	Yes	Yes
		Your leader Empower employees, inspire their confidence, and ensure their commitments	.000	Yes	Yes
		Your leader Delegate authority, and employ effective job assignment policy	.000	Yes	Yes

Table 2. Correlation between TMI and Teamwork (H2)

Talent Management Initiatives	V.S	Teamwork Quality	P-Value	Value Less than 5%	Correlated
New Variable Named "TMI" (Talent Management Initiatives)		At your bank Diversity at the work place, valued as business advantage, the bank policy is leveraging this position	.000	Yes	Yes
		At your bank Cross functional teamwork and members cooperation are considered essential daily practice	.000	Yes	Yes
		At your bank Inter-departmental cooperation and mutual support, both practices are considered essential for better job performance	.000	Yes	Yes

Table 3. Correlation between TMI and Satisfaction (H3)

Talent Management Initiatives	V.S	Employee Satisfaction	P-Value	Value Less than 5%	Correlated
New Variable Named "TMI" (Talent Management Initiatives)		Employee feels satisfied with, the assigned responsibilities & authorities	.000	Yes	Yes
		Employee feels satisfied with, the present work environment	.000	Yes	Yes
		Employee feels satisfied in his/her relation with business manager	.000	Yes	Yes
		Employee is engaged in his work assignment, and willing to enhance his job performance	.000	Yes	Yes
		Employee departure from the bank inferred for not more than one reason	.000	Yes	Yes

Descriptive

new_indicator TMI

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Disagree	3	2.3500					2.35	2.35
Neutral	21	3.2857	.72670	.27467	2.6136	3.9578	2.45	4.45
Agree	72	3.8604	.57521	.11741	3.6175	4.1033	2.75	4.65
Strongly agree	78	4.5308	.25182	.04939	4.4291	4.6325	3.55	4.75
Total	174	4.0655	.67799	.08902	3.8872	4.2438	2.35	4.75

ANOVA

new_indicator TMI

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	13.837	3	4.612	20.145	.000
Within Groups	12.364	171	.229		
Total	26.201	173			

As a result of the above findings, where the three hypotheses have been tested in order to decide whether they should be accepted or rejected, we can assume that the general hypothesis should be accepted.

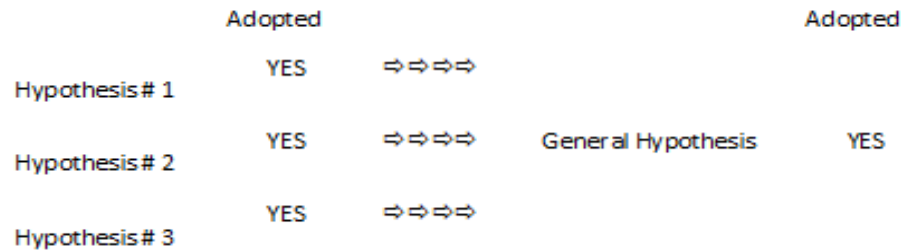


Figure 2. Summary of hypotheses

6. Conclusions & Recommendations

CONCLUSIONS

The main purpose of this study was to determine how businesses can implement a talent management system inside their organization and what are its implication on employees' and firm's performance.

This research has described the evolution of talent management concept, how it started first with the personnel model and then human resources management to end up with a talent management system.

It has also defined the major components of a talent management system (talent management initiatives) in a chronological flow, starting with the attraction of candidates until employees' retention.

The questionnaires used throughout this research have reflected both the extent of practicing talent management initiatives at LEBANESE BANKS and organization/employees' reaction.

Giving that these questionnaires are distributed in four branches where a robust talent management system is designed and implemented, a number of conclusions seem possible.

Before continuing, the broken three hypotheses were accepted:

- H1: Talent management initiatives have an impact on leadership quality. (Accepted)
- H2: Talent management initiatives have an impact on business unit productivity. (Accepted)
- H3: Talent management initiatives have an impact on teamwork. (Accepted)

Therefore we have accepted the general hypothesis:

General Hypothesis: Business unit and employee performance is positively correlated with the implementation of Talent Management Initiatives. (Accepted)

The results offered in the previous chapter, have led to confirm the general hypothesis, In fact, when employees are more satisfied, the leadership quality is higher and the cooperation between functional and cross-functional team exists, generating higher business profit and enhancing employee motivation for better performance.

This study has shown the different talent management initiatives, how they should be designed, implemented and what are their impacts on the organization. Nowadays, the organizations are facing a harsh competitiveness on talent,

retaining the right people is becoming a competitive advantage and a must for survival. The war for talent will never be won if the organization does not adopt a vigorous talent management system.

The components of this study can be used by private and public sectors to design strategies that enhance the implementation of talent management; the findings can be used to prove the importance of its implications on the overall performance.

Talent management is not an end in itself; it is the means by which the organization archives its overall objectives.

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