

# Talent Management in the Lebanese Banking Sector

Allam Mawlawi<sup>1,\*</sup>, Abir El Fawal<sup>2</sup>

<sup>1</sup>Assistant Professor of Marketing at Jinan University, Faculty of Business, Lebanon

<sup>2</sup>Assistant Professor at the Lebanese University, Faculty of Business, Lebanon

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**Abstract** The objective of this study is to identify how talent management (TM) is considered to be an effective tool in employees' retention and engagement in the banking sector in the city of Tripoli. The researcher chose Tripoli City as a geographic location for sampling because it is the largest city in north Lebanon and the second largest after Beirut City in the country. Tripoli City is also well known with its financial overall importance in the banking sector and the existence of all reputable nearby commercial banks. One of the biggest and prosper financial industries in Tripoli City is the banking sector due to its liberal system, secure financial investment opportunities and regulatory context especially for entrepreneurs, investors and all types of institutions. The commercial banking sector in Lebanon is divided into three main groups; these groups are Alpha, Beta and Gamma. Banking groups are classified based on regulations set by the Lebanese national Bank named "Banque Du Liban"; Lebanese banks' classification changes from year to another based on their financial capabilities, market shares, number of branches, performance, total assets and financial reserve system... This study will demonstrate the importance of an effective TM strategy as a tool affecting the banking sector workforce and its productivity. The researcher chose to study talent management in the banking sector to confirm that innovative, advanced and prosper institutions like banks using technological services and products can't only compete using high-tech tools and applications; banking sector is an interactive human sector where human skills are needed to show involvement and offer useful advisory system. Banks should not only rely on the advanced baking system, but should also compete through creative human capabilities, talented, loyal and engaged employees; this certainly can happen through a strategic planned recruitment system. The banking system majorly contributes in the national economic growth; it offers a varied list of product and service lines for individuals, companies, industries, schools, universities and the foreign market. All types of financial and non-financial transactions and operations are now required to pass through banks to ensure reliability and credibility; this gives an idea about how important is this sector and how vital is to take care of the labor force working in it. The banking sector is now facing a lot of challenges especially with the high rate of turnover and the low workforce engagement; this can be due to deficiencies in the employees' talent management. This study aims to identify the main components of a talent management strategy and its impact on the workforce retention and engagement in the banking sector. Banks should work hard to minimize the turnover rate and pay good attention to their recruitment system, job analysis, benefit packages and rewarding methods to ensure employees retention and total job engagement especially that employees working in this sector are exposed to a remarkable level of stress due to the aggressive competition in this field. This research conducted a sample of 120 employees in the banking sector in the city of Tripoli, using a deductive, exploratory and quantitative research approach. The research sample was randomly selected and questionnaires were distributed to first line and middle managers to investigate about how banks deal with their talent management strategies.

**Keywords** Talent Management, Performance Management, Banking Sector, Training and Development, Succession Planning, Employees Retention, Employees Engagement

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## 1. Introduction

Recently, the human resource management field has become very crucial, especially it is considered as the main factor behind the organizational profit generation, market

share growth, innovation, productivity, creativity and employees' work effectiveness. Organizations count on their labor force to reach their objectives and goals in the market (Yarnall, 2011), this is why they should lift up their employees' efficiency, retention and commitment. Indeed, organizations should take good care of their workforce abilities and skills to guarantee their retention and engagement in the work place. This leads to assessing employees' talents and capabilities to reach efficient work achievement (Yarnall, 2011).

To manage employees' talents, organizations need strategies that should be incorporated in the daily work

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\* Corresponding author:

allammawlawi@hotmail.com (Allam Mawlawi)

Published online at <http://journal.sapub.org/mm>

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routine and follow up. Organizations neglecting managing talents in the workplace may face a high turnover rate, a lack of motivation, a low level of commitment and engagement, a low level of leadership sense and a low level of productivity (Al Ariss, Cascio, & Paauwe, 2014). A talent management strategy is an integrated strategy that should be prepared by the human resource management department and implemented by managers. It combines a lot of components that work together to come up with satisfying results for parties, the organization and the employees. A good strategy of talent management is not the only way behind a motivated and committed workforce, organizations also need to update their job description, their payment system and their compensation models (Pellegrino & Hilton, 2012).

The problem statement of this research is to determine how the components of the talent management strategy affect employees' retention and engagement in the banking sector in Tripoli.

Talent management is an important aspect in building and maintaining strategic planning for organizations, ensuring survival and acquisition of a market competitive advantage. Nowadays, talents are considered as organizational assets that help in goals' achievement (Tansley, 2011). Talent management strategies and their application are an ongoing process based on talent identification and development to ensure a competitive edge in the business. The human resource management departments in collaboration with managers should not only apply good talent management strategies to retain and engage employees, but also use suitable organizational policies, task evaluation, monitoring, strategic planning, mentoring and coaching, training, and development processes (Tansley, 2011).

## 2. Objectives of the Study

This research aims to study the existing relation between talent management strategy and employees' retention and engagement in the work place in the banking sector- Tripoli City. Reaching this aim will prove that banks can modify and adjust their employees' attitudes, behaviors, output and efficiency through a list of action plans that are related to the training and development process, performance management tracking, continuous planning and identification of talents, their type and intensity and how to improve them and take advantage of them. This study can be beneficial for human resource department management as it constitutes an active part in planning future employees' personal and organizational skills, capabilities, and talents. It also helps with training schedules and actions in the work place especially that employees are the dynamic component of every work place, so it is important to keep up their level of motivation and dedication for organizations to improve their competitive advantage in the market. The objectives of this study can be summarized as following:

- Identify the main components affecting the talent management strategy in the banking sector.

- Evaluate how the talent management strategy practices affect employees' performance and retention in the banking sector.
- Focus on the role and the importance of the talent management strategy in the banking sector.

## 3. Theoretical Framework and Hypotheses

### A- Definitions of Talent Management

There are a lot of definitions for talent management. A talent is a person's human capital including skills, abilities, knowledge, and potential for future development (Gallardo-Gallardo, Dries, & González-Cruz, 2013). Talent management can be defined as a systematic effort by an organization to provide leadership continuity and encourage employees' initiatives (Garavan, Carbery, & Rock, 2012). Talent management system can be also defined as developing, rewarding and training systems for talented employees (Garavan et al., 2012). Talent management strategy is verified as an effective tool that achieves employees' satisfaction, retention, engagement and organizational profits (Bethke-Langenegger, Mahler & Staffelbach, 2011).

Talent management is a systematic approach of human resource management that uses the mechanism of finding talented employees, keeping them and developing their strengths (Bethke-Langenegger & Mahaler, 2011).

The organizational talent management strategy can be applied when it is capable to identify existing employees' talents (Veladat & Navehebrahim, 2011), train and develop these talents (Mir & Pinnington, 2014) and ensure a good performance management and continuous planning for future talents engagement and work commitment (Lockwood, 2007). Employees' talents are changeable and not static, this is why organizations can always work on increasing, modifying and enhancing their employees' organizational and personal talents through some mindset growing techniques and tools (Dweck, 2014).

The real challenge is not about working on enriching and increasing employees' talents' rather, it is in the insufficiency of talents in the market workforce supply. The challenge also appears in the fact of finding and discovering employees' talents and applying appropriate tools to keep up with these talents (Apak & Kurban, 2013).

Organizational talent management strategies help develop employees' knowledge and know-how so as to gain a competitive advantage (Schuler et al., 2011). They also provide organizations with a high level of attainment and human capabilities and distinguished workforce (Meyers & van Woerkom, 2014).

### B- Determinants of the Talent Management Strategy

Talent management strategies application should start with the recruitment process since it focuses on recruiting talented, competent, skilled, able and capable employees

to attain organizational goals (McCartney, 2009). Implementing organizational talent management strategy requires a complete and integrated process that should start with an adequate recruitment and strategic framework to attract talented labor force. Once employees are in the job, talent management strategies are found to be related to multiple components like the ability to identify talents, the training and development tools used to lift up employees' capabilities, the performance management techniques and succession/organizational planning.

Talent management strategies are well applied when the human resource management department in accordance with managers can correctly identify and assess employees' talents, apply sufficient training and development techniques to grow these talents, apply continuous performance management system and use succession planning to cultivate employees' future abilities. Talent management strategies are certainly related to the ability to identify talents and their intensity. They are also related to the fact of deciding the criteria to be used to identify the talent (Pandey & Sharma, 2014). These strategies can be also applied through training and development methods that focus on how to analyze talents and assess their strengths and key points (Veladat & Navehebrahim, 2011) and how to develop them on the long run in order to benefit from them and enrich employees' capacities.

Talent management is also associated with organizational performance management that focuses on identifying, measuring and developing each employee's performance to be aligned and adjusted with strategic goals and objectives (Mir & Pinnington, 2014). It is proved to be linked with organizational succession planning that is considered to be an ongoing process of planning employees' capabilities and talents in accordance with managerial matters; this simplifies jobs and their content and helps accomplish complicated tasks in critical positions (Hills, 2009).

### C- Relation between Talent Management and Employees Retention and Engagement

A study investigating organizational reasons that force employees to leave their work showed that financial packages related to salaries payment, incentives programs and rewards are considered to be the first reason. The second reason is associated with intangible factors like the lack of performance evaluation, insufficiency of planning and the weakness in developing talents and considering them as

main assets for the organization (Parthasarathy & Pingle, 2014). Accordingly, the workforce retention is a strategic problem especially when it comes to its negative aspects on the job and the reputation of the organization and its turnover rate. It is also important to highlight that one of the major organizational challenges is the shortage of human skills where it is hard to attract and find talented labor force. When organizations find the needed skills and talent, they face a new challenge that is the retention and the engagement of these skills (Lewis & Heckman, 2006). When employees' talents are well treated and evaluated, retention takes place and the rate of employees' turnover will decrease. A low turnover rate reflects a high level of employees' engagement, commitment, loyalty and well-planned strategies of compensation (Lewis & Heckman, 2006).

Employees should be engaged in all types of organizational strategies especially the talent management strategy as it gives a sense of belonging and commitment. Engaged workforce demonstrates higher linking in terms of job knowledge, duties, and responsibilities (Lockwood, 2007). An efficient talent management strategy establishes employees' commitment and produces a higher level of engagement (Lockwood, 2007).

High employees' work engagement has a significant effect on employees' commitment and talent retention; this can be done through a good recruitment process, clear task planning, good performance management and professional communication (Armstrong, 2010).

### D- Hypotheses of the Research

**H1.** The talent management strategy impacts positively employees' retention and engagement in the banking sector in Tripoli through the organizational capability to identify employees' talents.

**H2.** The talent management strategy impacts positively employees' retention and engagement in the banking sector in Tripoli through the different organizational types and tools of training and development.

**H3.** The talent management strategy impacts positively employees' retention and engagement in the banking sector in Tripoli through the organizational application of performance management and continuous planning.

## 4. Conceptual Model

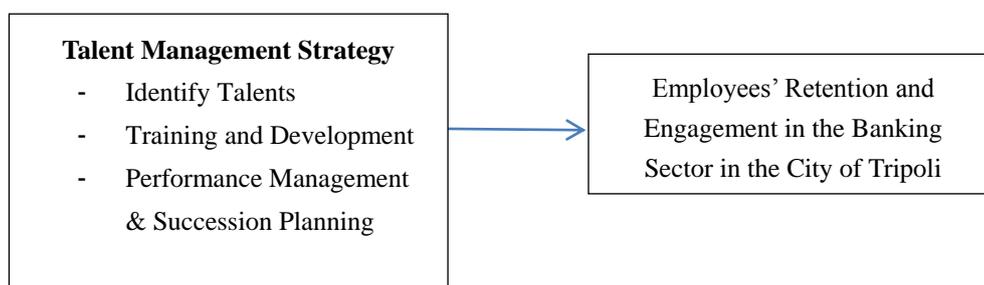


Figure 1. Conceptual Model

The above figure shows the conceptual model of this study where the talent management strategy is considered to be the independent variable and the employees' retention and engagement in the banking sector is the dependent variable.

To be able to apply the strategy of talent management in banks, talents are to be identified, the organizational training and development process should maintain and improve talents and the performance management system should assess and evaluate employees' talents and plan their future usability and track.

When a professional strategy of talent management is applied at work, it will certainly help increase employees' retention and engagement in the work place, which can be used as an organizational strategic opportunity.

Employees' high retention and commitment will certainly generate a positive impact on employees by increasing their motivation, productivity and sense of loyalty and devotion and affect organizations by increasing profitability and effectiveness.

### 5. Research Methodology

This research used secondary data collected through books and journals, and primary data collected by adopting a quantitative method using a questionnaire of 20 questions divided into 6 sections.

This paper used the exploratory quantitative deductive research methodology to answer the stated problem and validate the hypotheses. This methodology can help find the existing relationship between the independent and dependent variables as well as explain the causality.

The questionnaire was distributed to 120 participants working in banks in Tripoli. The used sample was randomly selected, covering 12 commercial banks in Tripoli,

10 questionnaires were distributed in every bank involving the lowest and midst managerial levels. No importance was given to the governmental classification of banks since the 12 chosen banks covered Alpha, Beta and Gama classification.

The researcher chose to start exploring talent management in the banking sector with a small random sample size because this topic is new and it is better to test the existing causality between talent management and employees' retention and engagement in a small number first. Using a small sampling size gives the researcher the ability to examine respondents' awareness of the subject in question.

The used questionnaire consisted of 20 questions divided in six sections: the first section explored the descriptive demographic information about the employees answering the questionnaire; the second section investigated how banks can identify employees' talents; the third section examined the training and development techniques used by banks; the fourth section investigated performance management and the

continuous planning applied by banks; the fifth section covered questions related to employees' retention; and the last section used questions related to employees' work engagement.

The questionnaire used 5 answers Likert scale ranging from 1-strongly agree to 5-strongly disagree. After the collection of the questionnaires on the field, data was analyzed using SPSS version 22.

## 6. Results

### A- Descriptive Statistics

Table 1. Descriptive Statistics

Age	Gender	Education Level	Experience
20.8% between 21 and 30	48% male	10% No Degree	23% Less than 5 years
33.3% between 31 and 40	52% female	62% BS degree	54% 5 to 10 years
25.8% between 41 and 50		27% MBA	22.5% > n 10 years
15.8% between 51 and 60		1% PhD	
4.2% > than 60			

As shown in the above table, the entailed population is young where 54.1% of the participants' age is below 40. The population of the study is somehow equally split between males and females and the education level is considered to be high and almost half of the population has a banking experience that ranges between 5 to 10 years.

### B- Multiple Linear Regression Analysis

Table 2. ANOVA-Regression-Scoring- Determinants of Talent Management- Employees Retention and Engagement

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	27.942	3	9.314	11.315	.000 <sup>b</sup>
1 Residual	408.266	496	.823		
Total	436.208	499			

a. Dependent Variable: Employees Retention and Engagement  
 b. Predictors: (Constant), Identify Talent, T& D, PM & Planning

Table 2 shows that the significance is equal to zero (sig=0.000); this means that identifying talents, training and development and management performance and planning succession as components of the talent management strategy applied by organizations impact employees' retention and engagement.

Table 3 shows that identifying talents (sig=0.003), training and development (sig=0.027) and performance management and planning succession (sig=0.000) significantly affect employees' retention and engagement in the banking sector in Tripoli.

**Table 3.** Coefficient -Regression-Scoring- Determinants of Talent Management- Employees Retention and Engagement

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.808	.843		3.341	.001
1 Identify Talent	.062	.038	.073	1.680	.003
T& D	.055	.026	.097	2.213	.027
PM & Planning	.166	.037	.196	4.522	.000

a. Dependent Variable: Employees Retention and engagement

### C- Multiple Linear Regression Equation

Y (employees' retention and engagement) = 2.808 + 0.062 Identify Talents + 0.055 T& D + 0.166 PM & Planning +  $\mu$

The above regression equation between the three main determinants of the organizational talent management strategy and employees' retention and engagement shows the following:

- A 1% increase in the organizational identification of talents results in a 0.062% increase in employees' retention and engagement.
- A 1% increase in organizational training and development results in a 0.055% increase in employees' retention and engagement.
- A 1% increase in organizational performance management and planning results in a 0.166% increase in employees' retention and engagement.

When all components of the talent management strategy are equal to zero, employees' retention and engagement will be equal to 2.808.

## 7. Conclusions

This study aimed to identify the correlation between talent management as an organizational strategy and employees' retention and engagement through 3 main determinants that are the organizational capability to identify employees' talents, the usability of training and development programs and tools and the performance management scale and the planning succession in 12 commercial Alpha, Beta and Gama banks in Tripoli City.

Results of tables 2 and 3 have proved that the identification of talents, the training and development and the performance management and the planning succession are important and impact employees' retention and engagement in the work place. It is also noticeable that the three factors positively impact employees' retention and engagement. While the performance management and succession planning is the most influential factor, training and development is the least effective one.

Not implementing the organizational talent management strategy does not imply that employees' retention and engagement will be absent; this is proved through the regression equation of the study.

Based on results, the three hypotheses of the study are accepted. This verifies that talent management strategies

can be applied through talents' identification process, training and development techniques and the application of performance management and planning.

Managers and human resource management departments in commercial Alpha, Beta and Gama banks located in the city of Tripoli can work on increasing their employees' retention and organizational engagement specifically through performance management and planning, then through employees' talents identification and finally through training and development.

The fact that training and development impacts the least employees' retention and engagement can be related to the notion that it focuses on the job, its details and content and not on employees' talents to get the job done effectively.

In conclusion, the 12 conducted commercial banks in Tripoli should approach results based on their financial planned capabilities, level of expenditure and future market strategies and goals since they belong to three different banking categories.

## 8. Recommendations

Skilled employees are always the main key behind a strong organizational performance and market positioning. Thus, managers in the field should always assess employees and evaluate their skills and capabilities in order to help them grow their personal and organizational abilities and productivity.

Managers should work hard to apply an efficient talent management strategy through continuous planning and employees' knowledge and behavior evaluation.

Retaining and helping employees get more and more involved at work cost a lot, which can never be compared to the generated benefit. This shed the light on the importance of a well planned retention and engagement strategies that should be applied in all managerial levels and positions.

## 9. Study Limitations and Future Studies

The main limitation of the study was the fact that the questionnaire was distributed only in 12 commercial banks located in Tripoli. This research will be of greater importance if the questionnaire covered more banks and different regions in Lebanon. Starting to investigate about talent management in the banking sector in Tripoli City

using small sample size will give a significant hint about how to proceed in future larger sample size studies related to this subject.

As for future studies, more bodies of research should take place to identify how retained, engaged and skilled employees can increase organizational know-how, profitability and competitive advantage.

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