THE IMPACT OF TALENT MANAGEMENT ON PERCEIVED ORGANIZATIONAL JUSTICE (CASE STUDY: GOVERNMENT-OWNED BANKS IN THE CITY OF ISFAHAN)

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ABSTRACT: *Talent management is a relatively new concept in the field of Human Resource Management, which considers how companies identify, acquire, develop, promote, and retain employees in the entire organization. Thus, establishing talent management may impact perceived organizational justice. This study aims to investigate this impact. After a review of literature, one main and four secondary hypotheses are posited. The statistical population for the study includes two government-owned banks in the City of Isfahan, i.e. Melli and Sepah Banks. Multiple cluster sampling was used to select the sample at random. Using structural equations modelling, the sample size was determined. 140 branches of the two banks, located in the north and east of the city were selected as the sample and questionnaires were distributed among their employees. The collected data were analyzed using SPSS and Amos software packages. The results indicate that establishing a talent management system, specifically the identification, development, and retention components, have a significant positive impact on perceived organizational justice.*

Keywords: *Talent, Talent Management, Organizational Justice*

1. INTRODUCTION

Modern organizations are fully aware that,in order to succeed in today's complex and competitive business environment, they need highly-talented individuals. They realize that talented employees are critical assets, who must be acquired, developed, retained, and most importantly, managed. In the 1960s and 70s, talent management was considered a peripheral activity assigned to just one department. However, it is now an important task throughout the organization. The world of business is faced with a challenge to acquire necessary knowledge and develop human resources who can generate that knowledge. Indeed, talent management is "an invisible weapon for the world war on talent acquisition" [1]. Recently, Iranian organizations have pursued the training and development of human resources under a multitude of names including talent identification and development, succession planning, managers of the future, and shadow management. Moreover, it is important to study successful organizations and learn from them [2]. Establishing a talent management system can improve employees' perception of justice in the organization. Organ and Rayan believe that once employees perceive their organization as fair, they will voluntarily improve their behavior and increase their efforts toachieve organizational goals [3] Organizational justice is a key factor which impacts employee outcomes. Many scholars have investigated its various aspects. Organ argues that organizational justice plays an important role in promoting organizational citizenship behaviors, commitment and satisfaction [4] The present study aims to investigate the impact of talent management on organizational justice.

2- THEORETICAL BACKGROUND

Talent Management

For a long time, Human Resources Management (HRM), in its various forms, only considered how human resources can be managed. Unlike other resources such as machinery and assets, humans are complex and evolving entities. However, HRM has matured in recent decades;it no longer focuses on salaries, costs, job rotation, and attendance exclusively [5]. Talent management makes sure competent employees occupy positions that match their skillsets and work towards achieving business goals. Talent management provides a comprehensive set of processes for identifying, using, and managing employees towards realizing organizational strategies. This tool can improve the acquisition and development process to better serve current organizational needs. In this process, the organization identifies, manages, and develops individuals for its present and future [6]. Talent management systematically bridges the gap between existing human resources and futuretalentedleaders, who can respond to challenges [7]. There are five aspects to talent management: attraction, identification, development, utilization, and involvement. Wright and Haggerty [7] believe that structured talent management is a defined process which systematically bridges the gap between existing human resources and future talented leaders, who can respond to challenges. Talent management refers to the set of activities which the employer performs to acquire, train, develop, and in general manage employees in key executive positions in the organization [8]. Berger [9] has a much broader view of talent management and believes everyone has certain talents that need to be recognized and developed. In its broadest sense, talent management can be defined as the process of identifying, acquiring, developing, promoting, and retaining talented individuals in the organization to optimize performance and achieve business goals. According to this definition, talent management is a novel approach to HRM, which eliminates the weaknesses and flaws in traditional approaches [10]. Thus, it is completely rational to consider talent management as a strategic priority and work every day to realize it [11]. Recent studies indicate that many organizations complain

about lack of talented employees, while managers have no idea about the talents their employees possess. It can be concluded that the organization's survival depends on the managers' abilities to define, identify, develop, and use various types of talent [12].

What is Talent? How Can Talent Management Help the Organization?

Talent is evaluated as an individual's relative progress in an activity. Comparing beginners trying to learn a skill allows us to realize the differences in capacities. Some are more efficient and learn more quickly, while others need more time and repetition. These differences are caused by different talents. Although all individuals have innate talents, only those who invest on theirs can be considered talented. Individuals can prove their competency in the job by creating value [13]. Talent management tells us how this can be achieved. Talent management integrates HRM activities in an attempt to acquire and retain the right individuals for the right position in the organization. Talent acquisition is important for several reasons: (1) knowledge economy, (2) fierce competition, and (3) employee movement. Organizations are driven by their employees and it is their talent which determines the organization's success. Therefore, managing talents should be at the core of an organization's management. Talent in an organization refers to leaders and employees who drive the organization forward. Indeed, high-achievers and those inspiring others to improve their performance are the qualified and talented individuals in the organization, who are usually in the minority [9] The concept of talent management is not merely a new term to describe employee development [14] It requires a systematic view whose aim is the dynamic interaction between many processes and tasks [8]. Talent management involves performing necessary activities and gathering information for attracting, identifying, and acquiring, developing, motivating, promoting, and retaining individuals with great potential for success in the organization [14 and 15]. However, all attempts at talent management need to be aligned with business strategies [16] Authors in the field of talent management have presented numerous definitions and dimensions for this concept, some of which are presented in Table 1.

Organizational Justice

Organizational justice refers to the role fairness plays in an organization [23] Human beings desire just societies. As a result, many schools of thought have been formed to provide solutions to this issue. Equity theory emphasizes fair distribution of resources among individuals so that they can be motivated [24] Based on this theory, individuals compare themselves with others in their society. In case inequity is perceived, they will attempt to restore balance [25] Establishing organizational justice proves the organization has effective management. [26]. undoubtedly, a fair management system is the most important tool managers possess for motivating employees and increasing their sense of loyalty. Employees need to have a shared understanding of fairness so that this system can function [27].

Dimensions of Organizational Justice

Procedural Justice: Describes how fair managers and leaders are in making decisions. It refers to the perceived justice of the tools used to determine each party's benefits. Fair processes lead to intellectual and emotional cognition, which in turn create confidence in and commitment to the organization's strategies. It focuses on fair evaluation processes used to rank individuals [28].

Procedural justice also considers the process of resource allocation in the organization [3] Recent studies suggest that employees respond to decisions that impact them and are affected by the processes that lead to such decisions. In other words, employees are interested in procedural justice and try to stay informed about decision-making procedures [27].

Table 1 – Definitions of Talent Management

| Dimension	Definition	Author(s)
Key positions	Talent management is a form of strategic management which identifies key positions in the organization. These positions create competitive advantage for the organization. Developing individuals who can fill such positions fall within the responsibilities of talent management.	*[17]*
Developing Talented Individuals	Talent management is a positive action which involves investing on the development and growth of the best employees. Furthermore, it provides opportunities for flourishing potential talents, exploiting strengths, and improving weaknesses.	*[18]*
Identifying and developing talented individuals	Talent management is used as a tool to improve how talented individuals are recruited and developed, so that organizational needs can be satisfied. It suggests a process through which the organization will be able to identify, manage, and develop talented individuals to serve its current and future needs.	*[19 and 20]*
Managing talented individuals through HR functions.	Talent management comprises five components: attraction, identification, development, application, and involvement, all of which help manage talented employees. It refers to the set of activities performed by the employer to recruit, train, develop, and, in general, manage employees who occupy key executive positions in the organization. Talent management is based on the coordination and integration of talent identification, acquisition, development, retention, and management, as well as succession planning, changing organizational culture, and talent evaluation.	*[21 and 22]*
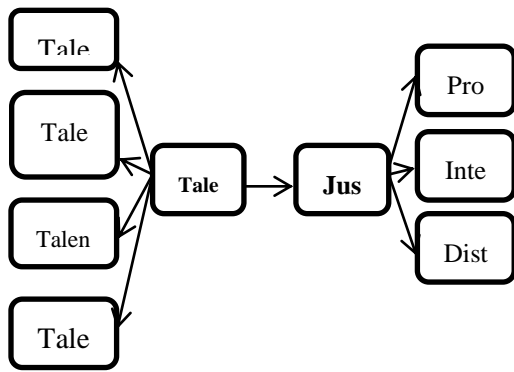
Figure 1 – Conceptual Model

Figure 1 presents the conceptual model of the study.

Interactional justice: Includes the measures taken by decision-makers. An employee who only shares his information and avoids hostile comments is considered interactive. Since this dimension emphasizes interpersonal interactions, employees typically focus on how they are treated by their managers and supervisors [27].

Interactional justice refers to the perceived justice in interpersonal interactions between an employee and his coworkers, supervisors, and managers. It has been divided into informational justice (accurate dissemination of up-to-date information on time and in line with organizational processes) and interpersonal justice (treating employees and issues regarding personal communication with politeness, dignity, and respect) [3].

Distributive Justice: It is associated with the fact that, in addition to fair treatment, resources need to be allocated in a just manner. Employees may justify their intention to leave the organization after receiving unfair rewards. Distributive justice plays an important role in how individuals evaluate the organization. Employees are unable to find similar benefits in other organizations will become more dependent on their own organization [28].

Distributive justice is based on Adams's equity theory (1965) and concerns an individual's perception of his outputs. In other word, it refers to the employees' perception of their achievements and organizational resources. It emphasizes fair distribution of rewards and punishments and how employees perceive this distribution with regards to organizational resources. Distributive justice prescribes similar treatment for similar individuals and different treatment for different individuals [27].

Hypotheses and Conceptual Model

In this study, the hypotheses are developed based on previous studies and extant literature. The hypotheses are as follows:

Main Hypothesis

Establishing a talent management system has a significant positive impact on perceived organizational justice.

Secondary Hypotheses

1. Talent selection has a significant positive impact on perceived organizational justice.
2. Talent evaluation and identification has a significant positive impact on perceived organizational justice.

3. Talent development has a significant positive impact on perceived organizational justice.
4. Talent retention has a significant positive impact on perceived organizational justice.

METHODS

This study is a descriptive survey with applicative goals. The statistical population for the study comprises the employees at all branches of government-owned banks in the City of Isfahan. Random multi-cluster sampling was used in this study. Structural equations were used to determine the required sample size. As the questionnaire was composed of 28 items, 140 copies were distributed among the participants. This questionnaire included two sections: one focusing on demographic variables, and the other on study variables. Answers were given on a Likert scale of 1 (completely disagree) to 5 (completely agree).

Measures

Content validity of the questionnaire was confirmed by experts in the field and university professors. To determine the reliability, Cronbach's alpha was calculated.

Table 2 presents the calculated Cronbach's alpha for study variables.

Table 2 – Cronbach's Alpha

Variable	Dimension	Cronbach's Alpha
Talent Management	Author	0.79
Justice	Newhoff & Morman	0.81

Data Analysis

Table 3 – Factor Means

Variable	Mean	Significance Level
Talent Selection	3.31	0.000
Talent Evaluation and Identification	3.38	0.000
Talent Development	3.45	0.000
Talent Retention	3.29	0.000
Talent Management	3.35	0.000
Justice	3.44	0.000

According to the results from the one-sample t-test, talent management is at a desirable level and organizational justice is also above average.

Confirmatory factor analysis

The first step is to determine the fit for the measurement model. Talent management was analyzed using a four-factor model. Table 4 presents the fit indices of the models.

Table 4- Fit Indices of the Measurement Model

Variable Index	Talent Management	Organizational Justice
CMIN/DF	1.33	1.03
RMR	0.04	0.02
GFI	0.97	0.98
AGFI	0.90	0.98
IFI	0.95	0.99
NFI	0.97	0.99
CFI	0.95	0.99

The measurement models are good-fitting i.e. fit indices confirm the fact that the models provide adequate fit for the data. All factor load increase greater than 0.5, with significance level equal to 0.000.

Table 5 - Model Fit Indices

	CMIN/df	RMSEA	GFI	TLI	NFI	CFI	IFI	RMR
Main Model	2.12	0.04	0.93	0.94	0.92	0.97	0.97	0.03
Secondary Model	1.99	0.04	0.91	0.92	0.93	0.94	0.94	0.05
Acceptable Region	3< and 1>	0.08<	0.90>	0.90>	0.90>	0.90>	0.90>	Near Zero

Table 6 – Hypotheses Results

Hypothesis			Sample Size	Significance Level	Correlation Coefficient	Result
Talent Management	→	Organizational Justice	140	0.000	0.79	Confirmed
Talent Selection	→	Organizational Justice	140	0.041	0.23	Confirmed
Talent Evaluation and Identification	→	Organizational Justice	140	0.001	0.39	Confirmed
Talent Development	→	Organizational Justice	140	0.000	0.37	Confirmed
Talent Retention	→	Organizational Justice	140	0.000	0.43	Confirmed

Structural Equation Modeling

After confirming the goodness of fit for the measurement models in the first step, the second step is to test the hypotheses using structural equation modeling. Model fit indices are shown in Table 5

The results of Table 5 can be interpreted as follows.

The standard estimation model from Amos indicate that the path analysis model is adequate. The chi-square falls between 1 and 3. Furthermore, GFI, AGFI, NFI, CFI, and IFI are all greater than 0.90. Finally, RMSEA issmaller than 0.08. The values for the fit indices are all in the acceptable region, which proves the models provide adequate fit for the data. The hypotheses along with their partial indicators and regression coefficients can be seen in Table 6.

DISCUSSION AND CONCLUSION

The present era is the era of organizations, which are driven by humans. Modern organizations are well aware that they need talented employees in order to survive and thrive in today's complex economy. Despite numerous studies on the concept of talent management, there is no consensus on its definition. The present study investigated the impact of talent management on perceived organizational justice in government-owned banks in the City of Isfahan. The results indicate that a talent management system, as well as the identification, development, and retention components have a significant positive impact on perceived organizational justice (procedural, interactional, and distributive). This study, similar to any other, has several limitations, which may create further opportunities for future studies. Since talent management is a relatively new concept, which has not been fully explored in Iran, we expect more studies regarding the localization of the concept in Iran. Furthermore, the presented model needs to be evaluated further and the impact of external factors need to be determined. We hope that future studies will focus on these issues.

Other suggestions for future studies include the following:
- o Establishing an organizational culture which values talent management.
- o An honest and action-oriented approach by the managers towards talent management as well as providing complete support
- o Considering talent management in strategies, goals, and operational plans and creating a timetable for its implementation.

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