

EXCLUSIVE TALENT MANAGEMENT PHILOSOPHY AND DIFFERENTIATING WORKFORCE: A STUDY OF BANKING SECTOR, SINDH, PAKISTAN

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ABSTRACT: Although the term “Talent Management” has been debated for its importance in the development of competitive edge, yet little is known about talent management and managerial role in the implementation of the TM approach. The purpose of this study was to evaluate the perception of managers about the talent management approach and its influence on Workforce Differentiation in public and private scheduled banks of Sindh, Pakistan. In addition to this, the present study determined the impact of the service experience of managers on their perception of the Talent management approach of the bank. A quantitative and cross-sectional study was conducted and cluster and random sampling techniques were applied to find the total sample size (n=276). The study revealed a strong impact of the talent management approach on workforce differentiation. Whereas, service experience did not deviate managerial perception of talent management approach of banks. This study proved that the managers are directed to implement exclusive philosophy without any additional influence of their experience on it. The article ends up with recommendations and guidelines for future research.

Keywords: Talent Management (TM), Talent Management Approach (TMA), WorkForce Differentiation (WFD), Human Resource Management (HRM)

INTRODUCTION

TALENT MANAGEMENT

Organizational performance directly depends on the performance of employees, if employees are competitive, possessing unique skills, having cognitive abilities, and are ready to put efforts, that differentiate them from their competitors [1]. Since, McKinsey group of consultants, first drag attention to “War for Talent” and set the basis of talent management to achieve organizational effectiveness, now the new definition of competitive edge is *talent management* [2].

Definition of Talent

Talent is denoted as cognitive skills, beliefs, and willingness to work and is perceived as an important resource that is responsible to provide long-lasting advantages with outstanding performance within the organization. [3]. In the organizations, those 3-5% of employees with outstanding performance, as compared to their peers in volatile situations are considered as the talent of the organization [4]. According to [5], talent means expertise and taking decisions that help to escalate in the career by thinking differently and are quick in adopting organization culture and customer-driven personality approach.

Talent Management in Practice

Talent management is described as a set of systematic activities such as systematic attraction, identification, development, engagement, and retention of talented employees who add value to the organization and create sustainable success or competitive advantage [6]. While, important elements of talent management include talent “attraction, retention, development, and career management to meet the strategic need of the organization” [7]. TM as a field recognized in the early 2000s. The need for managing talent in organizations arose due to dynamic and volatile global competition [8].

TM has great importance in the service sector as well. A study conducted on the influence of TM in the service sector of Pakistan states that talent management has a significantly positive impact on the performance of the organization. The

study explored that the service sector has different policies and practices for talent management as compared to other sectors. It also revealed that companies with systematic policies for employees’ growth, development, career counseling, and retirement plans have a positive impact on employees' attitude and organization performance [9].

TM in a global environment, due to boundaryless business transactions, retaining the organizational talent is more important than ever before. In this era of globalization where only organizations are not paying attention to their TM practice, but societies, governments, and nations are also striving for a talent race [10]. The banking sector in Pakistan is comprised of private and public banking sectors, which contribute to the GDP of Pakistan. According to a recent economic survey, the Finance and Insurance sector contributes (3.5%), sectorial shares in GDP, as of FY19-20 [11]. Unfortunately, Pakistan is fronting the obstacle of TM due to not recognizing the talent. The major problem is the lack of a reward system according to employee's skills, expertise, contribution, performance, and potential which is one of the major causes of brain drain. The banking sector is facing difficulty in attracting, recruiting, and retaining talent in Pakistan [12].

Another study conducted by [13], examined the response of sixty-eight employees of the public sector from the UK and Australia. This study shed on light examining expectations that employees carry with respect to what is offered and what not yet offered. The study acknowledged that TM mindset and implication of TM strategy in addition to external factors which includes, friends, and family, and employer brand do play important role in the fulfillments of employer’s psychological contract.

Talent Management Approaches

TM has two main approaches commonly called exclusive and inclusive approaches.

Inclusive Approach

An inclusive approach is usually focused on the perception that all employees are one way or the other, the same, and

carry skills [2]. Organizations that apply an inclusive approach promote an environment where all employees are considered talented but some have distinctive characteristics [14]. A study conducted by [15], TM based on inclusive and exclusive perception, which was being implemented in public institutions. The study collected responses of 374 individuals performing services in government-controlled sectors in Iran. They found out that the mindset of talent and strategy of TM that were implemented in the sectors were observed exclusively perception based.

Exclusive Approach

The exclusive approach of TM differentiates employees who have potential and are considered as best performers in the organizations [2]. Exclusive TM emphasizes that talented workforce are differentiated by their abilities and contribution in the organization [16]. But this approach has a very limited scope of elite performing class which approximately constitutes 20% of the total workforce [17]. Whereas, HRM promotes overall workforce supporting an egalitarianism culture and TM exclusive approach promotes elitism. However, this approach is cost-effective from a labor economic point of view [18].

Another study conducted on the banking sector acknowledged that there is a need to implement talent management practices in the banking sector which is already facing a great challenge in attracting and maintaining talent. Reasons for employees' turnover in the banking sector are long hours timing and compromised competitive environment. Therefore, there is an essential need for applying talent management practices and policies to engage and retain the talent of the organization for gaining a competitive edge and sustainability [19].

WORKFORCE DIFFERENTIATION

[20] Acknowledged that HR managers invest evenly in small firms proceeding with inclusive philosophy and unevenly in a large organization, proceeding with the exclusive approach of philosophy. They found that exclusive talent philosophy is associated with higher WFD. WFD is defined by [21], in their book as a "clear understanding of what an organization is looking forward to developing an employee's performance which is ultimately connected with organization's performance.

Organizations more often organize employees in groups according to their performance, such as high performing employees are categorized as "Star employees" sometimes, A-players [22]. Employees who perform well but not up to the mark are sometimes ranked as "Group B" and employees performing less than expectations are considered as "Group C. This categorization is helpful in differentiating the workforce to allocate a major portion of the human resource budget to such employees. It is generally expected that the mega-investment will pay off because it triggers a positive perception towards greater commitment and motivation from talented employees [22].

RESEARCH GAP

Talent management is often discussed at the developmental stage with respect to its implementation. Despite the fact, it has been linked with its optimistic effects on organizational outcomes [7, 23, 24]. There is yet a need to evaluate differentiating workforce with special reference to TM [25].

Limited studies examined the practical implication of TM, the notion of talent with relevance to culture, and its influence on TM [6, 26]. Therefore, a holistic attempt to evaluate the implementation of TM, observed in dearth, requires an empirical approach to explore philosophies prevailing in organizations [27, 28].

PURPOSE OF STUDY

This study aimed to examine the perception of managers about the talent management approach (TMA) prevailing in the sector by finding out its influence on workforce differentiation (WFD). The present study also observed the effect of his experience on the managerial perception of TMA.

OBJECTIVES

1. To evaluate the influence of the talent management approach on differentiating the workforce.
2. To examine the influence of the experience of the manager on his perception of the talent management approach of the bank.

HYPOTHESES

1. The higher the level of exclusive philosophy of talent management, the greater will be the workforce differentiation.
2. Managerial experience has an impact on the perception of the talent management approach prevailing in the sector.

STUDY MATERIALS AND METHODS

A quantitative study was conducted to analyze the assumptions while a questionnaire survey method of collection of data was adopted. The response rate was 92% as 276 questionnaires were appropriately filled and received out of 300 questionnaires. This study measured the questionnaire's reliability and validity of data. The adopted questionnaires developed by [29] were used and the extraction of few items to improve the validity of the data set was conducted. While the reliability of TMA was 6.5 and WFD was 0.68. 0.6 to 0.7 Cronbach's alpha is an acceptable level of reliability while, 0.8 or above is very good (Hajjar, 2018) [30]. Cluster and random sampling techniques were employed to select a number of branches as a sample from the overall population dispersed in a large area. The sample (n=276) was calculated through Cochran's formula of the known population (N=851). The techniques applied for evaluating the assumptions were simple regression and ANOVA and which were analyzed through SPSS version 22.

DATA ANALYSIS, RESULTS AND DISCUSSIONS

The majority of banks were private (87%) while public sector banks were only 13%. This study collected the response of one manager from each scheduled bank (n=276) randomly selected from Karachi, Hyderabad, Mirpurkhas, Shaheed Benazir Abad (Nawabshah), Sukkur, Larkana. The majority of managers were male (59%), aged 36 to 45 years, had a master level of qualification and around 50 % of the managers had 6 to 10 years of experience in the sector.

Hypothesis-1 was analyzed to measure the impact of TMA on WFD through simple regression analysis (Parametric Technique) as the data was normally distributed and linear in relation.

Table 1, below is demonstrating the results regression analysis, where DWF (DV) is regressed on TMA (IV). Result

statistically ($\beta = 0.761$; P-value = .000) proves that TMA strongly impacts on WFD. This represents that at each 1 % increase in TMA; there will be a 76 % escalation in WFD. The value of R-square and F- value represent ($R^2 = 0.57$; F-value =376.833) that independent variable show 57% variation independent variable and the model is statistically fit. Therefore, hypothesis 1 is accepted.

Table 1. Results of regression analysis for TMA on WFD

Dependent Variable	Independent Variable	β	T	Sig
Workforce Differentiation	Constant	0.96	6.76	.000
	Talent Management Approach	0.761	19.412	.000
R-Square 0.579**				
F-Value 376.3**				

* Significant at P<0.05 (two-tailed)

**Significant at P<0.01 (two-tailed)

Hypothesis-2 was analyzed to measure the impact of service experience on TMA to find out the variations that it might bring to the perception of managers about TMA of the bank. Table 2 is demonstrating the outcome of hypothesis-2. The results revealed (F= 1.239; p=0.287) an insignificant impact of different ranges of service experience among different groups of years on TMA. The significance of probability is greater than 0.05 that represents that the service experience is not a factor to influence the perception of the manager to deviate him from the actual practice of the banking sector of Sindh, Pakistan. Hence, the study fails to accept hypothesis 2.

Table 2. Results of ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.053	6	.509	1.219	0.297
Within Groups	111.923	268	.418		
Total	114.976	274			

The results of hypothesis 1, are supported by a systematic research approach conducted by [31] and a theory formulated by [20]. They reported that the workforce happens to increase where the sectors implement an exclusive talent management approach. [26] Explored that talent management philosophy by collecting data from HR managers (n=321) from all over the world through an online survey method, they reported that differentiating workforce is higher in exclusive philosophy of TM.

This study measured the influence of service experience on the perception of the manager regarding TMA being practiced in the sector. It was concluded that managers of private and public scheduled banks are implementing the policies with the directions of authorities and insignificant involvement was observed by managers in the implementation of the TM program.

This study makes a significant contribution to existing literature with special reference to the banking sector in

Sindh, Pakistan. It is highly recommended to the sector to ensure that WFD is practiced without bias. And the sector needs to keep the beneficiaries and others informed with the systematic procedure and justified decisions. Because, those who are not identified as talented for the current talent pool, may play an important role in the future so they need to be taken in confidence. Moreover, with the reflection of the results, it is identified that authorities should take managerial perception aligned for implementing TM program with effectiveness.

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