

Talent Management Practices and Organizational Commitment in Nepalese Commercial Banks

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Abstract

Received 20-Jan-22
Reviewed 7-Mar-22
Revised 27-Apr-22
Accepted 6-Jun-22

The purpose in Nepalese commercial banks. Data was collected from 300 employees working in commercial banks operating in Kathmandu valley using a simple random sampling technique. A structured questionnaire was used for data collection. Model validity and hypotheses were tested using structured equation modeling. Variables reliability and validity are measured by confirmatory factor analysis. The results show that there is a correlation between talent management practices and organizational commitment. The results further show that talent management practices have a significant influence on organizational commitment in commercial banks of Nepal. This study contributes to the literature of talent management practices in financial institutions, especially for the Nepalese scenario.

Keywords: Talent attraction, Talent development, Talent retention, organizational commitment

Introduction

In recent years, talent management-related research has been growing rapidly (Thunnisen et al., 2013). Despite this, there is less attention on the potential influence of talent management practices on organizational commitment (Gallardo-Gallardo & Thunissen, 2016). Most of the organizations in this changing business environment struggle to implement talent management practice effectively (Vaiman, Scullion & Colling, 2012). The talent management practices directly affect organizational commitment (Luna-Arocas, 2020). Organizational commitment is a psychological estate of mind that connects employees to the organizational goal (Mayer & Allen, 1991). In this competitive business era, one of the major goals of business managers is to develop or maintain an appropriate level of employees' organizational commitment (Rahaman et al., 2018). As such, the current literature lacks empirical

evidence to demonstrate the integrated effect of talent management practices on organizational commitment to an understanding of how well these practices work well.

The organizations have implemented talent management practices to improve organizational performance aligned with organizational objectives in a talent shortage scenario (Collings, Mellahi, & Cascio, 2019). Researchers have focussed empirical attention on the attraction, development, and retention of talent (Gallardo-Gallardo & Thunnisen, 2015). This indicates that in this unpredictable knowledge economy talent management practices can be a business strategy to improve human-related performance such as employee retention and organizational commitment.

Talent management and organizational commitment-related literature in the service

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sector have not received much attention. The service sector has a high level of employees contact with the customer in service delivery. Therefore, this study intends to test the effect of talent management practices in the Nepalese banking sector. During the last two and half decades, the Nepalese banking industry has grown significantly and created a new landscape to contribute significantly national economy (Thapa, 2021). It has reshaped the operation model of business and economic growth of the nation. The banking sector is service-oriented; bank performance depends on physical resources and staff quality and skill level (Masum et al., 2016). In addition, this industry is a highly human resource-based industry, the ultimate organizational performance of the banks is dependent on employee performance (Aktar & Pangil, 2018). Banks seek to implement effective talent management strategies and to know what effect they have on bank performance. Thus, it is an important issue to study the organizational commitment level of banks employee in Nepal. Organizational commitment plays a critical role to meet organizational success (Mayer & Allen, 1991), and organizations should understand the way by which they can improve talent management practices to enhance the employees' organizational commitment.

Most of the prior research considered talent management practices to enhance organizational commitment by attracting and retaining talented people it required (Luna-Arocas et al., 2020; Pawan & Said, 2020; Sarangal et al., 2020). In under-developed countries such as Nepal, talent management strategies have not been given adequate attention in academic literature. In response to this gap, this research examines the impact of talent management practices on organizational commitment in Nepalese commercial banks.

Literature review and hypothesis formulation

Talent management practices

Talent management practices are the set of practices used by the organization in the direction that fits the need of organizations, and as a result, individual and organizational performance increases through happy, committed, and motivated employees (Thunnissen, 2016). This view appears to be supported by Collings and Mellahi (2009). A model categorizes talent management practices into talent attraction, talent selection, talent development, talent retention, and talent engagement (Phillip & Ropper, 2014). In accordance, talent management practices have been proposed as talent attraction, talent maintenance, and talent development (Yassin & Jaradat, 2020). Therefore, the following talent management practices are examined: talent attraction, talent development, and talent retention.

Organizational commitment

In organizational literature, organizational commitment is identified as an important construct to examine employees' work behavior (Mowdays et al., 1997). Organizational commitment is categorized into affective commitment, normative commitment, and continuous commitment (Meyer & Allen, 1991). Affective commitment refers to the employees' emotional attachment to the organization. Normative commitment refers to the feeling of obligation which binds the employees to continue employment, and continuance commitment refers to an awareness of the cost associated with leaving the organization.

Talent management and organizational commitment

This section examines relevant theories and concepts to investigate and establish a synergy between talent management practices and organizational performance. A large number of talent management-related research have

focused on the financial aspect of work, intending to maximize shareholder wealth (Collings, 2014). This prospective has directed toward the partial understanding of talent management practices; consequently, the researcher failed to consider non-economic value or the interests of the employees working in the organizations (Gallardo-Gallardo & Thunnissen, 2016; Thunnissen, 2016). Collings (2014) argued companies who get more consideration of employees' objectives, are more likely to reach committed employees as a result they contribute to the organization. If organizations recognize the talent and skills of employees and they are treated equally, the employee will perform high-level performance (Bjorkman et al., 2013). Several other authors have proposed and empirically proven favorable associations between single or sets of talent management practices and organizational commitment (Nobarieidishe et al., 2014; Malkawi, 2017; Abazeed, 2019; Almaaitah et al., 2020; Luna-Arocas et al., 2020; Pawan & Said, 2020; Sarangal et al., 2020). This supports the notion of Bethke-Langenegger et al. (2011), who argued that talent management practices boost organizational performance by contributing to human resource outcomes such as organizational commitment.

Talent attraction and organizational commitment

Talent attraction is the process of attracting qualified people adopting different tactics and talent attraction are mostly depends on some factors like the reputation of the organization (Mohammed, 2018). Talent attraction is one the most important practice of talent management that influences organizational commitment (Nobarieidishe et al., 2014; Kontoghiorghes, 2015; Almaaitah et al., 2020). The following hypothesis is proposed based on the preceding findings;

H₁: Organizational commitment is influenced by talent attraction.

Talent development and organizational commitment

Human resource management literature has long recognized the link between talent development and organizational commitment. The idea that talent development leads to organizational commitment is supported by (Nobarieidishe et al., 2014; Kontoghiorghes, 2015; Almaaitah et al., 2020; Luna-Arocas et al., 2020). Some researchers looked into talent development techniques in businesses and discovered that talent development correlated with affective commitment (Masum et al., 2016). Job rotation and shadowing, graduate development programs, high potential development schemes, and graduate development programs were all found to be positively related to organizational commitment (Kalra, 2018). Organizational commitment was positively associated with talent development (Devi, 2017). The empirical results, according to these authors, established the relationship between talent development and organizational commitment. The following hypothesis has been developed based on the findings of previous studies:

H₂: Organizational commitment is significantly influenced by talent development.

Talent retention and organizational commitment

Talent retention is about having attached employees and minimizing their intentions to leave the organization. An important way to retain talent is through organizational commitment. Previous empirical studies found that talent retention is very important to increase commitment (Nobarieidishe et al., 2014; Kontoghiorghes, 2015; Almaaitah et al., 2020; Luna-Arocas et al., 2020). The

following hypothesis has been proposed based on these results.

H₃: Organizational commitment significantly influenced by talent retention.

Conceptual framework

Based on the literature review, this study adapted the conceptual model proposed by Colling & Menalli (2009), Luna- Arocas, and Morley (2015), and Mensah (2015). Figure 1 depicts the relationship between talent management practices and organizational commitment, which is based on both resource-based theory and social exchange theory.

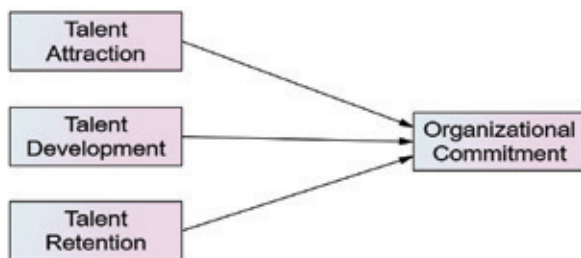


Figure 1: Conceptual framework

Research methodology

The research design for this study is descriptive and correlational. The population of this study is twenty-seven commercial banks of Nepal. Commercial banks are classified into three categories based on ownership patterns: government-owned public banks, joint venture banks, and private banks. This study used 15 commercial banks as a sample, including 7 private, 5 joint-venture, and 3 public banks. 300 employees working in commercial banks were selected as a respondent of this study under a stratified random sampling method. Data were collected using a cross-sectional survey method in a quantitative methodology. Statements were rated on a six-point Likert scale (1= strongly disagree to 6= strongly agree). To measure talent management practices related to constructs 18 items were used developed by Mohammed, (2018). Similarly, the organizational commitment variable was measured in six items developed by Benkhoff, (1997). Descriptive statistics were analyzed using SPSS version 26. The reliability and validity of the construct were measured using CFA. The hypothesis was tested using structural equation modeling with AMOS version 24.

Table 1. Demographic profile

Gender	Percent	Marital Status	Percent
Male	69.3	Unmarried	13.9
Female	30.7	Married	86.1
Age	Percent	Bank Type	Percent
Below 30	29.7	Private	20.0
30-40	44.3	Public	46.7
40-50	22.7	Joint Venture	33.3
Above 50	3.3		
Experience (years)	Percent	Educational level	Percent
Below 5	20.6	Bachelor	21.3
10-15	61.5	Master	76.7
10 – 15	8.7	M.Phil.	2.0
Above 15	9.1		
Designation	Percent	Income	Percent
Junior officer	50.3	Below Rs. 50000	29.8
Officer	27.3	Rs.50000-100000	34.5
Manager	22.3	Above Rs.100000	35.7

Note: n= 300

Source: Field survey 2021

Analysis and results

Demographic profile of respondents

This study is based on a questionnaire survey, that was used to collect responses from 300 employees working in the banking industry in Kathmandu valley. A total of 400 respondents working in Nepalese commercial banks were invited to participate in the research and 300 surveys were returned. Table 1 shows the demographic characteristics of the respondents.

Correlation analysis

Table 6 shows the results of descriptive statistics. According to Pearson correlation results, Each of the constructs is positively and significantly correlated.

Testing Validity and Reliability of the Measurement Model

A CFA was carried out to examine the validity and reliability of measuring scales utilized. The three indicators of convergent validity were examined: factor loadings (standardized

estimates), average variance extracted (AVE), and composite reliability (CR). Table 7 summarises the results.

Table 7 shows the summary of reliability and validity results. The researcher examines the composite reliability and Cronbach alpha value to test constructs' reliability. All constructs exceed the critical levels of 0.50 and 0.70 for AVE and CR respectively. These results confirm the reliability and convergent validity of the constructs and support for testing the structural model.

Hypotheses Testing

The structural model in Figure 2 indicates the influence of talent management practices on organizational commitment.

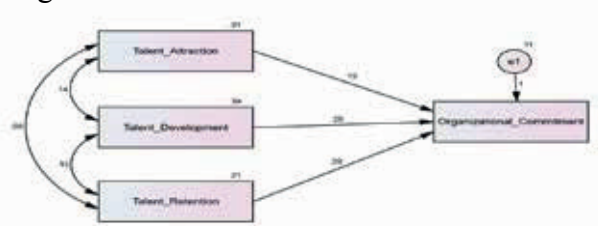


Figure 2: Structural Model Direct Effects of TM Practices on OC

Table 6: Descriptive, and correlation analysis of the constructs

	TA	TD	TR	OC
Talent attraction (TA)	1			
Talent development (TD)	.376**	1		
Talent retention (TR)	.325**	.430**	1	
Organizational commitment (OC)	.399**	.515**	.473**	1

** Correlation is significant at the 0.01 level (2-tailed).

Table 7: Construct reliability, average variance extracted, and correlation matrix

	CR	AVE	MSV	MaxR(H)	OC	TA	TD	TR
OC	0.859	0.504	0.396	0.865	0.710			
TA	0.871	0.576	0.236	0.874	0.358	0.759		
TD	0.839	0.566	0.340	0.845	0.530	0.341	0.753	
TR	0.859	0.556	0.460	0.903	0.474	0.286	0.421	0.746

Value of diagonal of the correlation matrix is the square root of AVE

Source: Developed by a researcher using data from questionnaire survey 2021

Table 8: Regression values for the Organization Commitment

	Path		Unstandardized	Standardized	S.E.	C.R.	P
OC	<--- TD		0.292	0.406	0.036	8.052	***
OC	<--- TR		0.285	0.285	0.287	5.87	***
OC	<--- TA		0.126	0.126	0.156	3.334	***

Source: Developed by a researcher using data from questionnaire survey 2021

Table 8 shows the values of Standardized (β), Standard Error (S.E), C.R (t)-value, and P-value of the regression paths.

Table 8 shows the results of Hypothesis testing, which indicate that talent attraction, talent development, and talent retention have a statistically significant effect on organizational commitment ($\beta = 0.126$, CR = 3.334, P=0.000) ($\beta = 0.406$, CR = 8.052, P =0.000) and ($\beta = 0.285$, CR = 5.870, P =0.000) respectively. These findings verified that the present data supported H₁, H₂, and H₃. Thus, the SEM analysis provides a clear picture of the causal relationship between TM practices and organizational commitment in the Nepalese commercial banking sector. Path analysis results confirm that the Talent Development dimension has a high impact on organizational commitment. On the other hand, Talent Attraction has a low impact among the three dimensions of Talent Management on organizational commitment.

Discussion

This study reveals important empirical results that explain the role of talent management practices to improve organizational commitment. Results confirmed H₁ by showing that talent attraction has a significant influence on organization commitment, which has been identified in different contexts (Malkawai,2017; Almatih,2020; Luna-Arora et al.,2020; Sarangal et al. 2020; Pawan & Said,2020). Results of H₂ suggest that Talent development make a significant influence on organizational commitment in Nepalese

commercial banks, the finding which is consistent with other studies (Chami-Malae Garavan, 2013; Nobarieidishe et al., 2014; Kontoghiorghes, 2015; Devi, 2017; Kalra, 2018). The results of H₃ confirm a significant influence of talent retention on organizational commitment. These results parallel the findings of several studies which found that talent retention is positively related to organizational commitment (Nobarieidishe et al., 2014; Kontoghiorghes, 2015; Almaaitah et al., 2020; Luna-Arocas et al., 2020). These findings support social exchange theory and resource-based views theory to the extent that when organizations invest in talent management practices, talented employees show a commitment toward the organization. The Nepalese banking sector has been adopted international human resource management practices, as a result, the findings of this study are in the same line of foreign context.

Implications

This study proposed a research model for empirical studies to link talent management practices and organizational commitment. The results from the structural equation modeling approach provide strong support for hypothesized relations. Study shows that effective talent management practices lead to increased organizational commitment.

This study can be applied by the Nepalese banking industry in its strategy and HR policy formulation. It can focus on talent attraction, talent development, and talent retention while formulating strategy and policy. Similarly,

this study focused on the banking sector only so further study can be undertaken in other sectors. This study was undertaken using a cross-sectional study, and further researchers may undertake research using longitudinal study.

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