

Talent Management Practices and Organizational Performance: Mediation Role of Organizational Commitment

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ABSTRACT

This study aims to assess the influence of talent management (TM) practices on organizational commitment and performance in Nepalese banks located in the Kathmandu Valley. The present study employed a combination of descriptive and quantitative methodologies, with the research focusing on the bank employee as the unit of analysis. To ensure a representative sample, a simple random and stratified sampling technique was employed, resulting in a research sample size of 300 officers and managers of a Nepalese commercial bank. Primary data were collected through the administration of a questionnaire to the target population. Confirmatory factor analysis (CFA), path analysis—and structural equation modeling were employed under a bootstrapping approach. The findings of this study indicate that the implementation of TM practices, such as talent attraction, talent development, and talent retention, has a notable impact on organizational performance. Furthermore, it was observed that organizational commitment plays a mediating role in the relationship between TM practices and organizational performance within the context of the Nepalese bank. Consequently, this research strongly advocates for bank management to embrace and allocate resources towards the adoption of TM practices to enhance organizational commitment and ultimately achieve and sustain high levels of organizational performance.

Keywords: Banks, Organizational commitment, Organizational performance, Talent management practices, SET

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1. BACKGROUND

In recent times, there has been a surge in the attention given to sustainable talent management (TM) as a crucial aspect of strategic management practices. This has led organizations worldwide to adopt this approach to enhance their overall performance. By embracing a talent management model, these organizations are implementing inclusive or exclusive approaches that focus on attraction, development, retention, employee engagement, and motivation (Collin & Mellani, 2009).

TM, an evolving concept derived from strategic HRM, is continuously being developed to effectively manage the workforce within an organization. It places emphasis on long-term human resource development, regeneration, and rejuvenation, with the ultimate goal of ensuring the organization's perpetual growth. Moreover, TM aims to have a positive impact on the individual's engagement, satisfaction, and commitment as well as on team performance, and the organization as a whole. The scarcity of skilled individuals is a pressing concern for human resource professionals worldwide. In recent years, this shortage has become more pronounced due to the effects of globalization, the digitalization of various industries, and rapid technological progress (Dalal & Akdere, 2018). Even In Nepalese service organizations are not immune to the challenges posed by the lack of available talent.

Lewis and Heckman (2006) conducted a literature review on talent management and its alignment with human resource management principles. They found three unsatisfactory perspectives on talent management: one emphasizing faster execution, one overlapping with succession and workforce planning, and one viewing all employees as equally valuable. Two streams of research were identified: one focusing on talent's role in generating results and the other on strategic talent management. The review also discussed the decision-making process in talent management, including impact, effectiveness, and efficiency analysis.

Researchers are increasingly interested in TM practices, which involve attracting, developing, and retaining employees. These practices are recognized as crucial for firm growth and competitive advantage (Collin & Mellani, 2009). Previous studies have found a positive relationship between TM practices and organizational performance, but this relationship is influenced by factors such as competencies and resource availability. Most research on TM practices has focused on developed economies, but there is growing interest in studying the Asian context. However, the majority of research has focused on Western settings, with only a few exceptions in emerging countries (Gautam, 2022).

While examining the literature on TM and its impact on organizational performance in the long term, numerous studies have consistently demonstrated a positive relationship. This positive relationship is characterized by the enhancement of firm growth and competitive advantage (Collin & Mellani, 2009). In the context of the Nepalese corporate sector, studies conducted by Mahato (2018) and Gautam (2022) have also found a positive association between TM and organizational performance. These researchers have predominantly adopted the resource-based view and Colling and Menalli (2009) model to investigate the influence of TM practices on organizational performance. The findings of these studies align with the results of the research conducted by Mensah (2019).

There is a lack of literature on TM in developing economies, specifically in the context of the service sector in Nepal. Developing markets differ from mature markets in various aspects, and it is important to understand how these differences impact TM activities and organizational commitment (Gautam, 2023). Currently, TM practices in Nepal are being implemented without considering their effectiveness, resulting in wasted time and resources. Conducting a comprehensive study on TM in the Nepalese service industry is necessary as organizations lack knowledge about TM and its impact on both employees and organizational outcomes (Gautam, 2023). Prioritizing employee job-related outcomes is crucial, but there are challenges in initiating, identifying, evaluating, and understanding the impact of TM practices. Improving TM practices in the banking industry in Nepal is necessary to meet international standards and enhance organizational performance (Gautam, 2022). The Nepalese banking sector has expanded significantly over the past 25 years, paving the way for it to make a significant contribution to the country's economy (Thapa, 2021). It has altered how businesses operate and how the country's economy is growing. The banking industry places a high value on customer service, and banks' effectiveness is influenced by both their physical assets and their workforce's expertise (Masum et al., 2016; Lee & Ok, 2014). Additionally, this sector is largely knowledge-based, and employee performance directly affects the banks' overall organizational success (Aktar & Pangil, 2018). Furthermore, the market is heavily talent-driven, and a bank's ultimate organizational performance depends on employee performance (Aktar & Pangil, 2018). Studies have focused on developed countries, but there is increasing interest in South Asian countries like India, Bangladesh, and Pakistan. However, there is a lack of empirical studies on TM practices in underdeveloped countries like Nepal. More research is needed to understand the relationship between TM, commitment, and performance in Nepalese contexts (Gautam, 2022).

The primary aim of research on TM is to assist organizations in effectively designing and implementing TM practices. This study seeks to empirically investigate the correlation between TM practices, such as attraction, development, and retention, and organizational performance. In this particular study, TM is regarded as the independent variable, while the enhanced organizational performance is considered as the result of TM. Additionally, the study acknowledges OC as a mediating factor in this relationship. Strategic management of talent is crucial in the service industry due to the importance of human assets for growth and success. Effective TM strategies not only attract and retain top talent but also upskill and reskill the existing workforce. This study aims to examine the relationship between TM practices and the organizational performance of Nepalese commercial banks. The study also explores the mediating role of organizational commitment, which is essential for talent pool development. For that, it seeks to accomplish the following specific objectives:

1. To assess the inter-relationship between talent management practices, organizational commitment, and performance in Nepalese banks.
2. To examine the effect of TM practices on firm performance.
3. To analyze the mediating role of organizational commitment in the relationship between TM practices and bank performance.

2. LITERATURE REVIEW

2.1 Talent Management and Organizational Performance

The majority of researchers in the field of talent management concur that talent management practices are crucial components for organizations to achieve higher performance and gain sustained competitive advantages (Pandey, 2014; Gautam, 2015; Wright et al., 2005;). However, the impact of talent management on employee performance in different economic settings has yet to be definitively established (Baptise, 2008). According to Kramer (2014), there is still a lack of consistent results regarding the effect of talent management on both employee performance and overall organizational performance.

While there is no overarching theory on performance itself, various approaches and models have been developed based on specific disciplinary perspectives (Guest, 1997). Guest also suggests that performance can encompass environmental issues, organizational commitment, contribution to community activities, and other factors. Four types of performance data are available, as outlined by Locke and Latham (1990). The first type relates to the organization's output, such as the quantity of goods produced and customers served. The second type is quantitative and includes metrics like the number of complaints or errors in work. The third type pertains to time-related factors, such as delays, absences, lost working time, and failure to meet deadlines. Lastly, financial performance indicators, such as sales, profit, return on assets (RoA), return on equity (RoE), and others, constitute the fourth type.

In a similar vein, Guest (1997) proposed that HRM outcomes include employee performance indicators like commitment, quality, and flexibility, while performance outcomes encompass high productivity, innovation, low absenteeism, low employee turnover, low conflict, and low customer complaints, which ultimately translate to high customer satisfaction (Jerome, 2013).

Over the past decade, numerous studies have focused on examining the relationship between talent management and organizational performance. (Leapak, Takeuchi, Erhardt, & Colakoglu, 2006). Out of the 35 studies reviewed, 13 specifically investigated the direct impact of talent management on organizational performance. Therefore, it is evident that talent management has a direct influence on organizational performance. Manzoor et al. (2019) found a positive and significant relationship between sustainable HRM practices and job performance. Similarly, Amble et al. (1996) discovered that a conducive work environment enhances creativity and innovation.

According to McCauley and Wakefield (2006), TM indirectly contributes to organizational performance through improved human resources practices. However, Collings and Mellahi (2009) and Lewis and Heckman (2006) argue that TM directly influences organizational performance. Numerous studies, including Kahinde (2012), Megri (2014), Nobarieidinshe et al. (2014), Kontoghiorghes (2015), Mohammed (2015), Payambarpour and Hooi (2015), Arif and Uddin (2016), Aurangzeb and Bhutto (2016), Ingram (2016), Mensah et al. (2016),

Saeen and Mishra (2016), Agbaeze et al. (2017), Najm and Manarshan (2017), Saloni (2017), EI-Dahshan et al. (2018), Mahato (2018), Rawashdeh (2018), Rukunga and Nzulwa (2018), Aina and Atan (2020), Almohtaseb et al. (2020), Cheraisi and Busolo (2020), and Luna Arocar et al. (2020), have examined the relationship between TM and organizational performance in various contexts and consistently found statistically significant associations. Consequently, it has been established that TM and organizational performance are interconnected based on empirical evidence.

2.2 Talent Management and Organizational Commitment

Numerous research studies have reached the consensus that there exists a positive correlation between the implementation of talent management practices and the level of affective commitment displayed by individuals toward their organizations (Arocas & Lara, 2020; Bethke-Langenegger et al., 2011; Bjorkman et al., 2013; Chami-Malaeb & Garavan, 2013; Dayeh & Farmanesh, 2021; Mensah, 2019). These findings provide empirical evidence supporting the notion that there is a significant relationship between talent management strategies and the commitment exhibited by employees toward their organizations.

The impact of talent management practices extends beyond employee engagement and affects various aspects of organizational behavior. Research suggests that organizations that invest more in their employees tend to foster stronger connections between employees and the organization, leading to a social exchange dynamic (Luna Aroras et al., 2020). Additionally, talent management practices have been found to influence employee affective commitment. Affective organizational commitment, a significant dependent variable extensively discussed in the scientific literature (Luna Aroras et al., 2020), is closely associated with talent management practices.

Research shows that various factors impact organizational commitment, including the organization's ability to fulfill incentives and employees' evaluation of their contributions. Employees are motivated by experiences and opportunities for personal and professional growth, which talent management facilitates. Talent management practices, such as developing new skills and aligning individual goals with organizational objectives, can lead to psychological benefits for employees and strengthen their commitment to the organization (Mensah, 2019). Previous research has emphasized the importance of talent attraction, development, and retention, but often neglects the non-economic value and employee interests associated with these practices. Considering employees' objectives can result in higher commitment and contributions. Other studies have also found positive relationships between talent management practices and organizational commitment (Vural 2012; Nobarieidishie et al., 2014; Malkawi, 2017; Mensah 2018; Abazeed, 2019; Almaaitah et al., 2020; Luna-Arocas et al., 2020; Pawan and Said, 2020), supporting the argument that talent management enhances organizational performance (Andrew 2017; Almaaitah et al., 2020; Sarangal et al., 2020).

2.3 Conceptual Framework

Figure 1 depicts a conceptual model that establishes a connection between TM practice and organizational success. This model draws upon several frameworks, including those proposed by Collings and Mellahi (2009), Luna-Arocas and Morley (2015), and Mensah (2015). By blending concepts from social exchange theory and resource-based perspectives, this framework offers a comprehensive understanding of the phenomenon under investigation. As Colling and Mellahi (2009) suggest, the prediction and explanation of a phenomenon can be achieved through the utilization of a theoretical framework that delineates the variables and their interconnections. Notably, the association between TM practice, TM outcome, and organizational outcomes is linked to relevant variables.

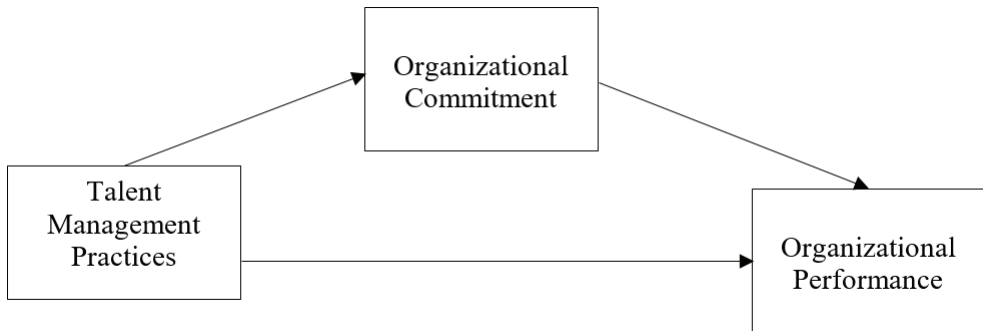


Figure 1 Conceptual Framework

3. RESEARCH METHODOLOGY

This research study adopts a descriptive research design to evaluate the extent of TM practices, organizational commitment, organizational performance implemented in the banking industry of Nepal. Additionally, a correlational research design is employed to investigate the impact of TM activities on organizational performance, as elucidated by organizational commitment. The population of the study comprised all commercial banks operating in Nepal, which were classified into three categories: private commercial banks, joint venture banks, and public banks. A sample of 14 commercial banks was selected based on ownership pattern, including 3 public banks, 5 private banks, and 6 joint venture banks with at least 10 years of operation. The sample size consisted of 300 respondents selected from 15 different commercial banks using a simple random sampling method. Specifically, employees working in the HR department and senior-level employees in other departments were chosen as the sample, as it is presumed that they possess a better understanding of TM activities and organizational performance compared to their junior-level counterparts. To collect data in line with the research objectives, a structured 6-point Likert scale questionnaire was administered to the selected employees both in person and online. A total of 300 responses were gathered.

The initial section of the questionnaire focused on gathering demographic information from the respondents, such as age and years of job experience at their current Bank. The second

section aimed to explore sustainable TM practices, while the final part of the questionnaire contained questions pertaining to organizational performance, specifically organizational commitment. Self-administered questionnaires were used to collect information, with the questionnaire designed by Mohammed (2018) for measuring TM practices, Benkhoff (1997) for measuring organizational commitment, and Lee and Chooi (2003) for measuring organizational performance. Similarly, all the statements in this study provided participants with the opportunity to respond using a Likert scale consisting of six points, ranging from 1 (indicating strong disagreement) to 6 (indicating strong agreement). To examine the proposed hypotheses, path analysis, and inferential statistical analysis techniques were employed. The data underwent processing through the utilization of confirmatory factor analysis and structural equation modeling methodology.

4. RESULTS

4.1 Demographic profile of respondents

This paper presents findings from a study conducted in the Kathmandu Valley, which utilized a questionnaire to gather data from a sample of 300 bank employees. The collected data reveals that the majority of respondents were male, accounting for 63.5% of the total sample. Furthermore, the study found that employees between the ages of 30 and 40 constituted the largest age group, representing 49.6% of the respondents. In terms of the employment sector, the majority of participants were employed by private banks, accounting for 49% of the sample. Additionally, the study found that 59% of the respondents held master's degrees, indicating a high level of educational attainment within the sample. Lastly, the manager level was the most prevalent job position among the participants, with 50% of the sample occupying this role. For a comprehensive overview of the demographic characteristics of the respondents, please refer to Table 1.

Table 1 Demographic profile

Variables	Frequency	Percentage of totals
Age		
Below 30	89	29.7
30-40	133	44.3
40-50	68	22.7
Above 50	10	3.3
Gender		
Male	208	69.3
Female	92	30.7
Bank Type		
Private	60	20.0
Public	140	46.7
Joint Venture	100	33.3

Educational level		
Bachelor	64	21.3
Master	230	76.7
M.Phil.	6	2.0
Designation		
Officer Level	67	22.3
Manager Level	151	50.3
Executive Level	82	27.3

Source: Field survey 2023

Status of Talent Attraction in Nepal

Table 2 displays the evaluation of talent attraction status, which was assessed using seven questions on a six-point Likert scale.

Table 2 Descriptive Statistics of Talent Attraction (n=300)

Talent Attraction Item	Mean	S.D.	Rank
My bank has a great reputation, attracting top-notch personnel.	4.4	0.8	8
My bank offers a desirable balance of work and personal life, attracting top talent.	4.5	1.0	6
The potential workforce sees the Employment Brand as strong and appealing.	4.6	0.8	5
A superior working environment at my bank facilitates the recruitment of highly skilled personnel.	4.5	0.8	7
Work-life balance and social networking engage our skilled workforce.	4.6	0.7	3
My bank attracts skilled employees with competitive salaries and packages.	4.6	0.8	2
My bank has implemented efficient recruitment strategies to attract skilled professionals.	4.6	0.7	4
The bank aims to create a positive work environment to attract and retain talented individuals.	4.7	1.0	1
Overall mean	4.6	0.8	2

Source: Field Survey 2023

According to Table 2, the overall average score for this construct is 4.55, which exceeds the standard mean of 3.5. Additionally, the responses demonstrate a high level of consistency, as indicated by the standard deviation of 0.83. This suggests that the organization is performing well in terms of attracting talent and that employees perceive the company as an attractive employer.

4.2 Status of Talent Development in Nepal

The findings presented in Table 3 provide valuable insights into the status of talent attraction within the Nepalese bank. The study utilized a six-point Likert scale with seven questions to assess the perceptions and preferences of the bank’s employees.

Table 3 Descriptive Statistics of Talent Development (n=300)

Talent development-related item	Mean	S.D.	RI
The bank I am affiliated with has highly efficient talent development strategies that align perfectly with its organizational strategies.	4.3	0.77	6
The bank identifies areas for employee development through skills gap analysis.	4.5	0.92	1
The bank actively engages in succession planning by identifying and nurturing talented individuals for future leadership positions.	4.1	0.80	7
Internal job rotation enhances skilled employees’ experiences and development across departments and divisions.	4.5	0.87	3
The bank nurtures talent, providing resources and opportunities to develop leadership skills and build a strong talent pool.	4.4	0.72	5
The bank aids leaders with career development programs to boost their skills.	4.4	0.88	4
The bank aims to develop skilled staff through training and mentoring programs.	4.5	0.89	2
Overall rate	4.4	0.84	3

Source: Field Survey 2023

According to the results, question two received the highest ranking preference from the respondents, with a mean score of 4.54. This indicates that the bank is perceived to be effective in identifying areas for personal development among its employees.

4.3 Status of Talent Retention in Nepal

Table 4 indicates that the general mean of the construct under consideration is 4.60, which surpasses the standard mean of 3.5. The consistency in responses towards this construct is high, as evidenced by the standard deviation of 0.64.

Table 4 Descriptive Statistics of Talent Retention (n=300)

Talent retention-related item	Mean	S.D	RI
Our bank has a competitive compensation system that motivates and retains our skilled workforce.	4.7	0.52	4
My bank promotes equal opportunity to retain skilled employees.	4.7	0.6	3
The bank considers personal factors and life events to develop its skilled workforce.	4.8	0.49	1
My bank promotes creative ideas and encourages innovative thinking for employees.	4.8	0.57	2

The bank promotes a positive learning environment that boosts job satisfaction and retains skilled personnel.	4.6	0.59	5
My bank keeps employees motivated and engaged to retain talented employee	4.2	0.85	7
My bank provides career advancement and professional growth opportunities to retain skilled employees.	4.5	0.82	6
Overall rate	4.6	0.64	1

Source: Field Survey 2023

Notably, the relative importance of this construct ranks second among the TM constructs. This finding suggests that employees in Nepalese commercial banks exhibit a high level of retention, given that the overall mean value of the talent retention construct is 4.60. It is evident that the Nepalese commercial banks employ effective and explicit instruction, as well as management practices, to motivate employees to retain highly for their benefit and that of the organization.

4.4 Status of Organizational Commitment

Table 5 displays the results of the analysis of the organizational commitment construct. The general mean of 4.76 indicates that the respondents, who are employees of Nepalese commercial banks, have a positive perception of the construct. This mean value surpasses the standard mean of 3.5, suggesting that the construct is highly regarded by the employees.

Table 5 Descriptive Statistics of Organizational Commitment (n=300)

Organization Commitment related Item	Mean	S.D.	RI
I am ready to go above and beyond to contribute to this organization’s success.	4.8	0.61	2
I’m proud to be affiliated with this esteemed organization.	4.8	0.69	3
My values align with the organization’s.	4.8	0.63	1
A slight alteration in my current situation would suffice to prompt my departure from this place.	4.7	0.62	5
Choosing to work for this organization was a clear mistake on my part.	4.7	0.56	6
Staying with this organization long-term has no significant benefits.	4.7	0.68	4
Overall rate	4.8	0.63	

Source: Field Survey 2023

Furthermore, the consistency of the responses towards this construct is high, as indicated by the low standard deviation of 0.63. This implies that the employees’ opinions and attitudes towards the construct are relatively uniform, indicating a strong consensus among them.

4.5 Status of Organizational Performance

The data presented in Table 6 provides valuable insights into the construct under consideration. The mean score of 4.78 indicates that the respondents generally have a positive perception of the construct, as it surpasses the standard mean of 3.5. This suggests that the construct is viewed favorably by the respondents. Furthermore, the high consistency of responses towards this construct is indicated by the low standard deviation of 0.73. This implies that the respondents' opinions and perceptions are relatively consistent, indicating a high level of agreement among them.

Table 6 Status of Organizational Performance (N =300)

Organizational Performance related item	Mean	S.D	RI
In comparison with key competitors, our bank is more successful.	4.76	0.72	3
In comparison with key competitors, our bank has a greater market share.	4.69	0.74	4
In comparison with key competitors, our bank is growing faster.	4.76	0.78	3
In comparison with key competitors, our bank is more profitable.	4.92	0.75	1
In comparison with key competitors, our bank is more innovative.	4.78	0.67	2
Overall rate	4.78	0.73	

Source: Field Survey 2023

Upon closer examination of the individual items within the construct, it is evident that the fourth item, which states that 'compared with key competitors, our bank is more profitable', received the highest mean score of 4.92. This suggests that the respondents perceive their bank to be more profitable than its competitors, indicating a positive perception of the bank's financial performance.

Descriptive statistics and Correlation analysis

Table 7 presents the means, standard deviations, and correlations of all measured factors in this research. The findings demonstrate positive correlations between the studied TM practices, organizational commitment, and organizational performance. The mean and standard deviation values were as follows: talent attraction (Mean = 4.52, SD: 0.65), talent development (Mean = 4.47, SD: 0.77), talent retention (Mean = 4.67, SD: 0.53), organizational commitment (Mean = 4.73, SD: 0.53), and organizational performance (Mean = 4.76, SD: 0.65). Significant strong correlations were found between TM practices, organizational commitment, and OP. Examples of these correlations include talent development and organizational performance ($r = 0.560$, $p = 0.000$), talent retention and organizational performance ($r = 0.600$, $p = 0.000$), and organizational commitment and organizational performance ($r = 0.615$, $p = 0.000$). The results shown in Table 2 provide strong support for the relationships examined in this study.

Table 7 Descriptive, and Correlation analysis for the constructs

	Mean	S.D	TA	TD	TR	OC		
TA	4.52	0.65	1					
TD	4.47	0.77	.376**	1				
TR	4.67	0.53	.325**	.430**	1			
OC	4.73	0.53	.399**	.515**	.473**	1		
OP	4.76	0.65	.490**	.560**	.600**	.615**	1	

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

Testing Validity and Reliability of the Measurement Model

Table 8 shows the results of the measurement model evaluation. The CMINDF value is 1.352, indicating a good fit. The CFI value is 0.976, suggesting a satisfactory fit. The RMR value is 0.02, indicating a low discrepancy between observed and predicted covariance matrices. The RMSEA value is 0.034, indicating a good absolute fit.

Table 8 Fitness of Measurement Model

Fitness Category	Fit indices	Fit statistics	Comment
Parsimonious fit	Chisq/df	1.352	Satisfactory
	P-value	0.000	Satisfactory
Absolute fit	RMSEA	0.034	Satisfactory
	RMR	0.020	Satisfactory
Incremental fit	IFI	0.976	Satisfactory
	TLI	0.973	Satisfactory
	CFI	0.976	Satisfactory

Source: Developed by researcher using data from questionnaire survey 2023

Table 9 displays the regression weights of the exogenous variables in the final measurement model. Out of the twenty-five items, four of them, namely Ta1, Td1, Tr1, OC1and OP1 have significant weights, indicating the possibility of establishing a solution. The significance of the weights for the remaining items was observed at p < 0.001. Additionally, correlations between composite variables were computed during this stage.

Table 9 Regression Weights of the Exogenous Variables

	Path		Estimate	S.E.	C.R.	P
Ta3	<---	Talent Attraction	1			
Ta4	<---	Talent Attraction	0.931	0.079	11.728	***
Ta5	<---	Talent Attraction	0.903	0.073	12.333	***
Ta6	<---	Talent Attraction	1	0.084	11.934	***
Ta7	<---	Talent Attraction	0.913	0.071	12.937	***
Td2	<---	Talent Development	1			

Td4	<---	Talent Development	0.898	0.08	11.284	***
Td6	<---	Talent Development	1.063	0.085	12.496	***
Td7	<---	Talent Development	1.001	0.083	12.127	***
Tr1	<---	Talent Retention	1			
Tr2	<---	Talent Retention	0.745	0.069	10.797	***
Tr3	<---	Talent Retention	0.646	0.056	11.579	***
Tr4	<---	Talent Retention	1.007	0.055	18.297	***
Tr5	<---	Talent Retention	0.891	0.062	14.418	***
C1	<---	Organizational Commitment	1			
C2	<---	Organizational Commitment	1.001	0.084	11.949	***
C3	<---	Organizational Commitment	0.823	0.067	12.203	***
C4	<---	Organizational Commitment	0.977	0.074	13.157	***
C5	<---	Organizational Commitment	0.797	0.065	12.301	***
C6	<---	Organizational Commitment	0.954	0.081	11.793	***
Op1	<---	Organizational performance	1			
Op2	<---	Organizational performance	0.87	0.063	13.697	***
Op3	<---	Organizational performance	1.012	0.064	15.767	***
Op4	<---	Organizational performance	1.006	0.062	16.289	***
Op5	<---	Organizational performance	0.869	0.055	15.674	***

Source: Developed by researcher using data from questionnaire survey 2023

The primary objective of the measurement model is to evaluate and confirm the reliability and validity of the indicators or scale items used for each construct. In terms of satisfactory and significant values, the average variance extracted (AVE) values of a composite variable should be at least 0.50, as suggested by Fornell and Larcker (1981) and Hair et al. (2010). Additionally, an acceptable level of item loadings is 0.60 or higher, as stated by Chin (1998a). To be considered satisfactory, the composite reliability (CR) should be at least 0.70, as recommended by Fornell and Larcker (1981) and Nunnally and Bernstein (1994).

Table 10 Construct Reliability, Average Variance Extracted, and Correlation Matrix

	CR	AVE	MSV	MaxR(H)	OC	TA	TD	TR	OP
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	
OP	0.890	0.619	0.460	0.895	0.629	0.486	0.583	0.678	0.787

Value in the diagonal of the correlation matrix is the square root of AVI

Reliability and validity data are shown in Table 10. In this study, the reliability of the constructs is tested using the composite reliability and Cronbach’s alpha value. The critical

values of 0.50 for AVE and 0.70 for CR are exceeded by all structures. These findings support testing the structural model by attesting to the constructs' dependability and convergent validity.

5. HYPOTHESES TESTING

5.1 Mediation Procedure

The present study utilized the three-variable system proposed by Baron and Kenny (1986) to examine the mediation hypothesis. Specifically, a Baron and Kenny mediation analysis was conducted to assess whether a mediator plays a mediating role in the relationship between an independent variable and a dependent variable. To evaluate this mediation, three separate regression analyses were performed as described above. The first regression analysis involved the independent variable, namely TM practices (attraction, development, and retention), predicting the dependent variable, organizational performance. The second regression analysis included both the independent variable, TM practices, and the mediator variable, organizational commitment. Lastly, the third regression analysis incorporated both the independent variables, TM practices, and the mediator variable, organizational commitment, in predicting the dependent variable, organizational performance.

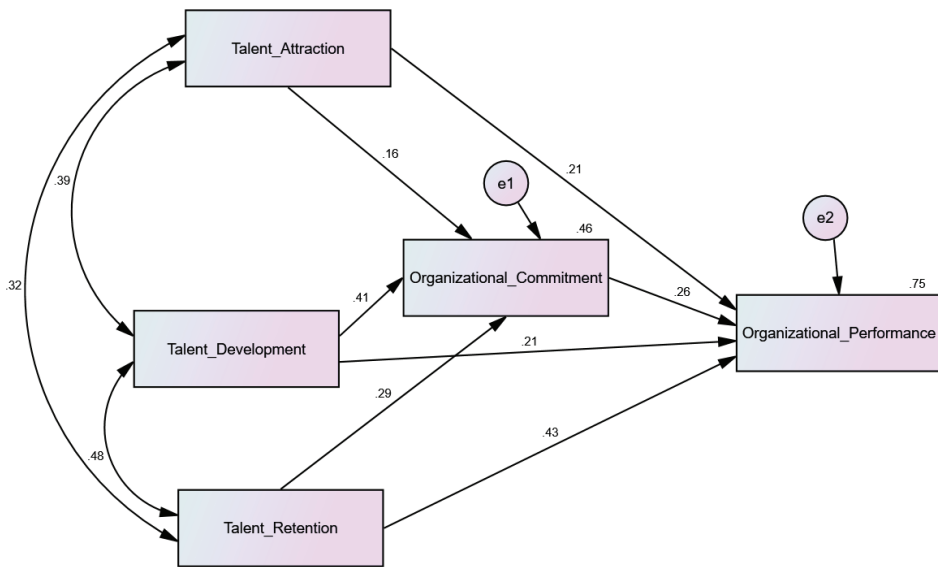


Figure 2: Mediation Model Direct and Indirect Effects of TM on OP through OC

The diagram labeled as Figure 2 illustrates the path analysis of the structural model. This particular figure showcases the output of the structural model, presenting standardized estimates. Through the path analysis, it is evident that among the three dimensions of TM practices in commercial banks in Nepal, talent retention exerts a relatively weak influence on the dependent variable. Conversely, talent development exhibits a significant and robust impact on operational performance.

Table 11 Regression value of Organizational Commitment and Organizational Performance

			Estimate	S.E.	C.R.	P
OC	<---	Talent Attraction	0.126	0.038	3.334	***
OC	<---	Talent Development	0.292	0.036	8.052	***
OC	<---	Talent Retention	0.285	0.049	5.87	***
OP	<---	Organizational Com- mitment	0.329	0.051	6.449	***
OP	<---	Talent Attraction	0.22	0.034	6.491	***
OP	<---	Talent Development	0.191	0.035	5.422	***
OP	<---	Talent Retention	0.55	0.045	12.187	***

Table 11 was validated using AMOS software, revealing that TM practices serve as a significant positive predictor of organizational commitment ($b = .156$, $SE = .038$, $p < 0.001$; $b = .406$, $SE = .036$, $p < 0.001$; $b = .287$, $SE = .049$, $p < 0.001$). Additionally, organizational commitment was found to be a significant positive predictor of organizational performance ($b = 0.256$, $SE = .051$, $p < 0.001$). The total effect (c) of TM dimensions on organizational performance was also found to be significant ($b = .212$, $SE = .034$, $p < 0.001$; $b = .207$, $SE = .035$, $p < 0.001$; $b = .433$, $SE = .045$, $p < 0.001$). To test the indirect effect, 5000 bootstrap samples were used, and the results indicated a significant indirect effect, establishing mediation. To determine the extent of mediation, the direct effect (c') results were interpreted. The direct effect was found to be significant, indicating partial mediation. To further understand the partial mediation of organizational commitment in the relationship between TM practices and organizational performance, the regression-based approach recommended by Baron and Kenny (1986) was employed. Based on the tested model presented in Table 11, the researcher established the partial mediation of organizational commitment in the relationship between TM practices and organizational performance. Therefore, it can be concluded that organizational commitment partially mediates the relationship between TM practices and organizational performance.

6. DISCUSSION

The primary aim of this study is to investigate the influence of TM practices on organizational performance, with a focus on the mediating role of organizational commitment. The findings highlight the importance of TM practices, such as talent attraction, development, and retention, in enhancing the performance of Nepalese commercial banks. These practices contribute to the organizational commitment of banks and ultimately improve overall performance. The findings of the study indicate that TM practices has a significant and positive impact on organizational performance. The results are consistent with previous research and support the resource-based view theory, which emphasizes the value of offering unique TM practices to create sustained competitive advantages and positive organizational outcomes. These results are align with prior research by Cheraisi and Busolo (2020), Gautam (2022), and Mahato (2018), which highlight the importance of TM practices in improving the performance of banks in competitive environments. Furthermore, the present study supports the findings of Arif and Uddin (2016), indicating that talent attraction, talent

development, and talent retention significantly influence organizational performance. These outcomes align with the resource-based view theory (Barney, 1995), which posits that organizations create value by offering TM practices that foster the development of rare and talented employees. Consequently, a contextually tailored combination of TM practices cannot be easily replicated by competitors, enabling firms to establish sustained competitive advantages and attain various positive organizational outcomes.

Numerous studies have underscored the significant correlation between TM practices and organizational commitment in the banking sector, particularly in the service industry (e.g., Gautam, 2022; Malkawai, 2017; Almaitah, 2020; Luna Aroras et al., 2020; Sarangal et al., 2020; Pawan and Said, 2020). Based on the theoretical framework underpinning this study, the findings indicate that the extensive adoption of TM practices by bank managers, encompassing commitment, and engagement in talent attraction, development, and retention activities, positively influences the level of organizational commitment among talented individuals by fostering emotional attachment to the organization (Gautam, 2022). The results highlight the association between organizational commitment in banks and the extent to which TM practices are implemented by management. These findings lend support to the Social Exchange Theory, suggesting that when an organization provides TM practices, its talented employees exhibit heightened commitment and reduced intention to leave, thereby contributing to enhanced employee and organizational performance.

Moreover, the present study presents empirical evidence that supports the notion of a positive and significant relationship between organizational commitment and organizational performance. These findings align with previous research conducted by Nobarieidishe et al. (2014), Kontoghiorghes (2015), Almaaitah et al. (2020), and Luna-Arocas et al. (2020), all of which highlight the significance of organizational commitment in enhancing the performance of banks when implementing TM practices. Consequently, the effective demonstration of employee commitment, such as organizational commitment, plays a crucial role in achieving high performance within firms. Therefore, it can be concluded that organizational commitment is a necessary factor for achieving high firm performance.

This study provides insights into the mechanisms by which Nepalese banks can enhance their organizational performance. It identifies organizational commitment as a mediator in the relationship between TM practices and the operational performance of commercial banks. The findings indicate that TM practices improve organizational performance through the influence of organizational commitment. Specifically, organizational commitment partially mediates the impact of talent attraction, talent development, and talent retention on organizational performance. Therefore, banks that adopt TM practices can enhance their organizational performance by fostering a high level of organizational commitment among their employees. This result has significant implications for the literature on human resource management (HRM) and highlights the importance of TM practices in enhancing the level of organizational commitment among bank employees, which in turn affects organizational performance, particularly in the context of TM-related projects. The findings suggest that the TM practices implemented by the studied banks serve as a powerful tool for enhancing

organizational performance, as they motivate the banks to support and attract talented individuals, develop future leaders, and make informed decisions regarding the retention of talented employees to gain a competitive advantage. These results are consistent with previous studies by Sarangal et al. (2020), which demonstrated the mediating role of organizational commitment in the relationship between TM practices and organizational performance, Luna-Arocas et al. (2020), which found that affective commitment mediates the effect of TM practices on service performance in public organizations, and Almaaitah et al. (2020), which confirmed the mediating role of organizational commitment in the relationship between TM practices (talent attraction, talent development, talent retention) and firm performance. Additionally, the findings of this study partially align with the results of Mensah (2019), which showed that organizational commitment mediates the relationship between dimensions of TM practices and firm performance.

In conclusion, this study confirms the significant impact of TM practices on organizational performance and this relationship partially mediated by organizational commitment. The findings highlight the importance of implementing effective TM practices in the banking industry to enhance organizational commitment and ultimately improve organizational performance.

6.1 Conclusion and Implication

TM practices, organizational commitment, and organizational performance are all crucial factors for the banking industry in Nepal. By investing in TM activities that enhance attraction, development, engagement and retention practices for talented employees, the banking industry can achieve both organizational commitment and bank performance. As a service industry, the bank industry is heavily influenced by the knowledge and skills of its employees. Organizations can only utilize this knowledge and skills if they provide an environment that fosters the attraction, development, engagement and retention for employee commitment. By offering additional TM opportunities, employees are encouraged to think in new and different ways, which promotes commitment and ultimately leads to organizational performance.

The findings of this study can be valuable for TM managers in the banking industry of least developed economies, as it can help them formulate effective TM policies. These economies often face challenges related to high turnover rates, and this study can provide guidance on how to develop and retain their talent people within the industry. The study specifically focuses on the practices of attraction, development, engagement and retention enhancing employee as well as organizational commitment as components of TM practices. Researchers have the opportunity to expand their investigations by incorporating additional variables such as acquisition, performance management, and motivation into their study of TM. This approach can be applied and tested in various industries, including information & Technology, Hotels, University, and others, to enhance the applicability of the TM model. Furthermore, researchers can introduce moderators and mediators to examine its effectiveness across different demographic groups and organizations, thereby assessing the direct and indirect influence of TM on employee performance.

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