The Impact of Talent Management Strategies on Bank Performance in Jordanian Commercial Banks

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Abstract
Talent management is very significant to the survive of firms in highly competitive business environment today. It refers to the application of needed employees for a firm and the programs to fit those needs and it combines employee knowledge, skills, attitude, values, competencies and work preferences. The explosive growth of Jordanian banking sector has led to an urgent need to develop talent management strategies as a means of boosting bank performance. The purpose of this study was to investigate the impact of talent management strategies on bank performance in Jordanian commercial banks. The design of the study has quantitative approach. Primary data was obtained by questionnaire instrument. The respondents in this study were line managers and HR managers in head administrations. The number of population was 120 respondents. Random sampling was used in the study. 101 completed questionnaires were analyzed as a final sample. Three hypotheses have been developed through literature review and tested using descriptive analysis and independent t-sample test performed by SPSS. The results indicate a positive association of attracting, developing and retaining talents with bank performance. Bank management is advised to keep developing the attracting mechanism they have applied in order to cope with the changes in the business environment and stay competitive. Also, its advised to maintain developing the motivation system according to the labor market conditions and competitiveness in order to retain talented staff and to avoid labor turnover. As it should concentrate on the rewards mechanism as a main key to retain talents. Future studies recruiting larger sample sizes are needed. Furthermore, prospective studies should effectively compare Jordanian bank performance with other banks in the Middle East based on these variables.

Keywords: Jordan, banks, talent management, performance, strategies

1. Introduction
Recent goals that are prioritized by business firms are primarily inclusive of creating sustainable competitive advantage and stimulating firm performance. Fixed assets, land and capital are no longer key resources for firms to maintain competitive in the current changing environment (Mathimaran & Kumar, 2017). Money, machines, and most significantly people, are evolving into valuable assets which can be used to compete successfully and outperform competitors (Rawashdeh, 2018). Various values in respect to individuals working in business firms; at some points in time they were referred to as the key resource of production and at other times, they would be called the human resources of the firm (Bhatti, 2014). Recent developments consider human resources as the most valuable asset within the framework of the firm. Specifically, they are now perceived as the talent working within the firm; thereby, the practice of talent management came into being (King, 2015; Kehinde, 2012). Talent management has been defined as a systematic process of identifying, recruiting, developing, retaining and rewarding talented people (CIPD, 2015; Garge & Rani, 2014; Beheshtifar, Nasab & Nekoie, 2012). It has the ability to create firms that are more intelligent, flexible and competent as compared to their counterparts, through the application of strategies that concentrate on attracting, developing, retaining talented employees and directing their best efforts to cooperate within the firm’s resource bundle (Caplan, 2014). Also, it can potentially consolidate firm performance and create a competitive advantage because talented people are an intangible asset, whose depth and diversity cannot be imitated or replicated by competitors (Sahoo, 2015). Thus, to create positive performance, firm management is invited to attract, develop and retain talented individuals who are capable of achieving this objective successfully (Kronz, 2014; Rawashdeh & Al-Adwan, 2012).

Jordanian banking sector is considered as the most important service sector affecting Jordan economy, with a rapid growth and contribution to the gross domestic product (GDP), that is 80% services and 20% goods. The
transformation of the production-based world economy into a knowledge-based one in addition to the global economic crisis had posed several challenges to Jordan economy. To mitigate the risk posed to their banks, Jordanian banking managements declared a new policy stating a proactive approach with respect to attracting, developing and retaining talented employees. Additionally, bank managements have emphasized on achieving positive performances through using their talented employees as a strategic asset, at a time when the global economy is seeing a decline. Based on the aforementioned, the central aim of this study was to investigate the impact of talent management strategies in the form of attraction, development and retention on the performance of Jordanian commercial banks.

2. Literature Review

The concept of talent management has been discussed in literature since the 1990s (Shaemi, Allemah & Bajgerani, 2011). Since then, it has been widely discussed by managements, practitioners, consultants and academics. It combines employee knowledge, skills, attitude, values, competencies and work preferences (King, 2015). The practice of talent management gained momentum due to the increased awareness of the influence of talents within firms (FakhrElDin, 2013). Talent management refers to the expectations made of needed employees for a firm and those planning to fit those needs. It is essential for firms to carry out their goals successfully (Taleghani et al., 2013). Organizations must hire talented people who are both proactive and reactive to a turbulent business environment (Rawashdeh, 2018). They must also identify the required skills, knowledge and competencies needed to achieve their goals and instill them into their workers (Bhatti, 2014). Despite the increasing war for talent, there seems to be no consensus regarding the exact definition and framework of talent management (Burkus & Osula, 2011). Additionally, the scope and model of talent management is widely vary among scholars pertaining to this context. In this regard, a survey by CIPD (2006) found that 51% of human resource executives applied talent management practices; however, only 20% of them agreed on a formal definition of talent management. Talent management may involve human resources in addition to organizational development practices with respect to attracting, developing and retaining highly qualified individuals for future leader–manager opportunities in the firm (ALDamoe et al., 2012). It can be an implementation of integrated systems or strategies designed to stimulate firm performance through supporting improved processes for attracting, developing, retaining and optimizing employees with the skills and competencies to fit current and future business needs (Iqbal et al., 2013; Cappelli, 2008). Several scholars have investigated three talent management practices: talent attracting, talent developing, and talent retaining, that have a positive effect on firm performance (King, 2015; FakhrElDin, 2013; Kehinde, 2012; Vaiman, Scullion & Collings, 2012). In line with the literature, this study has also adopted the above three practices attracting, developing and retaining, as they fit its objective.

2.1 Talent Attraction

Talent attraction can be considered as a process of inviting individuals to apply for vacancy. It is composed of recruitment and selection, employer choice, employer branding and employee value proposition (Kim et al., 2014). Recruitment and selection process requires firms to implement a specific criterion of choosing the best applicant who meets the job specification (Armstrong, 2012). Recruitment of talent people is indicative of the first practice of talent management strategy. The talent people is a collection of individuals with differentiated skills who meets the job specification (Armstrong, 2012). Recruitment and selection process requires firms to implement a specific criterion of choosing the best applicant.

2.2 Talent Development

Talent development is considered as one of the significant stages of the talent management process (Mathimaran & Kumar, 2017). Firms may adopt several talent development strategies to improve their employees’ skills, competencies, attitude and knowledge with the intention of creating positive performance (Rathod, 2014). Today, organizations should focus on creating a learning culture that enables their objectives to be met (Bhatti, 2014). However, the learning policy will be affected by the learning culture. Learning policy refers to the management understanding of organizational and employee learning and development (Sahoo, 2015). Organizations may
produce a learning organization through the effective practices of their employees pertaining to learning and development (Armstrong, 2012). Training and development, mentoring, coaching and succession planning are all tools for creating a learning organization. These tools are considered to be talent management practices that may lead to positive firm performance (Farrukh & Waheed, 2015).

2.3 Talent Retention

Currently, employee retention is considered as one of the primary tasks that poses a significant challenge to many organizations (Fayyazia et al, 2015). It is a strategic weapon for firms to maintain competitiveness. Human resource department implements different talent management strategies with the purpose of maintaining a high retention rate (Paillé, 2014). Retention talents may be inclusive of policies, practices and strategies that are adopted by organizations to satisfy their talents and prevent them from leaving the organization (Bangwal & Tiwari, 2015). Talent turnover has a positive influence on organizational performance, as it incurs direct and indirect cost to the organization (Burbach, 2010). Numerous scholars such as Masri & Jaaron (2017) argued that retention can be improved when talents are motivated by monetary or non-monetary rewards, which may support their loyalty for the firm. The monetary rewards are viewed by talents as a key tool to retain them. For example, the salary should not be recognized as a sum of many, but as a package of remunerations needed to satisfy talent retention (Kehinde, 2012). Therefore, all business organizations are invited to adopt effective motivation mechanism to maintain their talented employees. There is a de facto recognition that motivated employees are loyal, committed, contented, dedicated, and enthusiastic (San et al, 2012).

3. Research Hypotheses

Based on the literature review, the following hypotheses have been provided.

H1: Attracting talent has a positive impact on bank performance in Jordanian commercial banks.
H2: Developing talent has a positive impact on bank performance in Jordanian commercial banks.
H3: Retaining talent has a positive impact on bank performance in Jordanian commercial banks.

4. Research Method

This study employed a quantitative approach for investigation. A survey in the form of a questionnaire was used to collect primary data from the research sample. The key respondents were line managers and HR managers in the head administration, as they have the best knowledge of talent management practices in their banks. Information pertaining to the banks was obtained from the Jordanian Central Bank Annual Report. The population of this study consisted of 13 Jordanian commercial banks. As many as 120 questionnaires were submitted directly by the researchers to bank sample. A total of 107 questionnaires were received until the end of survey and after deep investigation a number of 6 questionnaires were found unfit for analysis. Therefore, a total of 101 questionnaires were used in the analysis process, which was considered as the study sample, giving a response rate of 84% which is considered highly satisfactory. The size of the study sample was relatively small. Consequently, the researcher adjusted the study data analysis strategy by using the best valuable statistical methods such as means, standard deviation, and Cronbach's alphas to deal with such small sample sizes. Stratified sampling was applied in this study and the sample size has been chosen according to the population of bank. Following this, random selection of the sample was carried out. The data was then analyzed using Statistical Package for Social Science (SPSS 20). The questionnaire was divided into three segments. Segment A captured information about the respondents, such as their organizational tenure, education, age, gender, and length of service in bank. Segment B captured information with respect to the independent variable, in the form of talent management practices. As stated earlier, these were composed of talent attracting, talent developing and talent retaining practices. Segment C tackled questions pertaining to the dependent variable, in the form of bank performance dimensions. These were inclusive of customer complaint, market share, net profit, increased in total sales, employee commitment, turnover rate and employee satisfaction. In answering the questionnaire, the respondents were asked to indicate their responses to the questions on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The items used in this study were adapted from different studies (Bhatti, 2014; King, 2015; FakhrElDin, 2013; Kehinde, 2012; Vaiman, Scullion & Collings, 2012). Cronbach's Alpha was used to test the internal consistency of the instrument, the values ranged from 0.70-0.92. The reliability of all constructs of the instrument is above 70%, and the total reliability of the survey is above 84% which is considered as excellent (Vogt., 1999).

Table 1. Scale determine the relative importance of the mean.

<table>
<thead>
<tr>
<th>The level of the effect</th>
<th>The mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

51
These categories were derived according to the following equation:

\[
\text{Interval length} = \frac{\text{highest weight} - \text{lowest weight}}{\text{three levels}} = \frac{5 - 1}{3} = 1.33
\]

Table 2. The mean and standard deviation for the survey items in commercial banks.

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean</th>
<th>SD.</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction</td>
<td>3.52</td>
<td>1.16</td>
<td>Medium</td>
</tr>
<tr>
<td>Developing</td>
<td>2.62</td>
<td>0.98</td>
<td>Medium</td>
</tr>
<tr>
<td>Retention</td>
<td>4.16</td>
<td>1.22</td>
<td>High</td>
</tr>
<tr>
<td>T.M practices</td>
<td>3.433</td>
<td>1.120</td>
<td>Medium</td>
</tr>
<tr>
<td>Customer complaint</td>
<td>3.24</td>
<td>1.08</td>
<td>Medium</td>
</tr>
<tr>
<td>Market share</td>
<td>3.16</td>
<td>1.27</td>
<td>Medium</td>
</tr>
<tr>
<td>Turnover rate</td>
<td>2.27</td>
<td>0.83</td>
<td>Low</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>4.28</td>
<td>0.72</td>
<td>High</td>
</tr>
<tr>
<td>Net profit increased by sale</td>
<td>4.11</td>
<td>1.24</td>
<td>High</td>
</tr>
<tr>
<td>Bank performance</td>
<td>3.412</td>
<td>1.028</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Table 3. The correlation between survey items.

<table>
<thead>
<tr>
<th>Attraction</th>
<th>Development</th>
<th>Retention</th>
<th>Bank performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction</td>
<td>1</td>
<td>0.63**</td>
<td>0.51**</td>
</tr>
<tr>
<td>Development</td>
<td>1</td>
<td>0.54**</td>
<td>0.68**</td>
</tr>
<tr>
<td>Retention</td>
<td>1</td>
<td></td>
<td>0.74**</td>
</tr>
</tbody>
</table>

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

Table 4. Multiple linear regression analysis to test the relationship between T. M strategies and bank performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted R²</th>
<th>R²</th>
<th>F</th>
<th>Sig (f)</th>
<th>T</th>
<th>Sig (t)</th>
<th>α</th>
<th>β</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction</td>
<td></td>
<td></td>
<td>4.04</td>
<td>0.002</td>
<td>0.340</td>
<td>Supporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>0.810</td>
<td>0.740</td>
<td>86.2</td>
<td>0.000</td>
<td>0.68</td>
<td>0.320</td>
<td>Supporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td></td>
<td></td>
<td>4.64</td>
<td>0.006</td>
<td>0.402</td>
<td>Supporting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Results and Discussion

The data was analyzed through descriptive statistical methods with mean, standard deviation, percentage, Pearson correlation coefficient, T-test and regression. The above-mentioned findings are in conformity. The results of descriptive statistics indicated general agreement of the respondents with respect to talent management strategies. The mean values ranged from 4.16, which was the highest, to 2.62, which was the lowest. The results for the retaining strategy indicated highest conformity, where the mean was 4.16 and the standard deviation was 1.22. The developing strategy was a lower indicator, exhibiting a mean of 2.62 and a standard deviation of 0.98. The highest conformity was shown by bank performance with employee satisfaction, as mean 4.28 and a standard deviation of 0.72. The turnover rate was the lower indicator showing a mean of 2.27 and a standard deviation of 0.83. The mean scores and standard deviation reflected conformity of respondents’ perception about these items. The results of correlation coefficient in table 3 indicate support for all the hypotheses. The results for retaining strategy indicated...
The objective of this study was to test the relationship between talent management practices, attracting, developing, retaining and bank performance in Jordanian commercial banks. Previous studies asserted a positive and significant effect of talent management practices on bank performance, and this study empirically confirmed that there is a linear relationship between talent management strategies (attracting, developing, retaining) and bank performance in Jordanian commercial banks. Bank management is advised to keep developing the attracting mechanism they have applied in order to cope with the changes in the business environment and stay competitive. Also, its advised to maintain developing the motivation system according to the labor market conditions and competitiveness in order to retain talented staff and to avoid labor turnover. The above findings are in conformity with (Mathimaran & Kumar, 2017; Senthilkumar & Kumudha, 2011) results.

6. Conclusion

The study revealed that talent management is very significant to the survivor of the banking sector in the highly competitive business environment today. It’s of value that banks should take into consideration the issue of talent management, the fact that mobility of talents is very high today cross national and international border mad talent management such a pivotal issue to the business organizations especially those operating in developing countries. The objective of this study was to test the relationship between talent management practices, attracting, developing, retaining and bank performance in Jordanian commercial banks. Previous studies asserted a positive and significant effect of talent management practices on bank performance, and this study empirically confirmed that there is a linear relationship between talent management strategies (attracting, developing, retaining) and bank performance in Jordanian commercial banks. Bank management is advised to keep developing the attracting mechanism they have applied in order to cope with the changes in the business environment and stay competitive.
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References


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