

STATUS QUO OF TALENT MANAGEMENT PRACTICES AND EMPLOYEE ENGAGEMENT IN INDIAN PUBLIC SECTOR BANKING

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ABSTRACT

This paper examines whether Talent management practices in Indian Public Sector Banks increases employee engagement that fosters employee and organizational performance. Data collected from 500 employees of top 4 public sector banks in Rajasthan (India). A

questionnaire elicited information on socio-demographic variable A long with different practices of talent management and employee engagement. Results suggest that best talent management practices can enhance employee engagement that influences the employee performance and organizational performance as well. Improving employee engagement has become a priority issue in organizations as engaged employees adopt the vision, values, and purpose of the organization which they are working. This paper will contribute to explore the development of employee engagement through talent management practices using an extensive literature review to describe and situate the approach by examining and analyzing literature over various disciplines and fields of study.

KEYWORDS: talent management; employee engagement; employee loyalty; employee performance.

INTRODUCTION

The scenario of talent management is changing in public sector banks of India. These days' challenges regarding human resources are getting an increase because of remarkable change in the quality of the workforce, emerging young workforce are very confident but at the time too short sighted (Rana *et al.*, 2013). The primary focus of public sector banks has always

been on financial performance and relatively less attention given towards employee skills and satisfaction. Two factors which are essential for efficient functioning of the banking industry; first is the balance sheet, profitability and non-performing assets of banks; and another factor is proper management of human resources (Sheopuri, 2014). Management of people and management of risk are the two key challenges facing public sector banks in India. It is an important question, as to how banks manage their people and how they administer the risk that determines their success in the banking industry (Chakrabarty, 2012; Lawrence, 2014). Efficient risk management may not be possible without an active, skilled workforce (Jha and Anand, 2014).

In India; the business of the banking industry has been and always will be a people's business (Chakrabarty, 2012). Although pricing is important for competitive advantage, there are many other valid reasons, such as core values of banks should be sound, reliable, innovative and socially responsible and Indian, etc. this is why people select and stay with a particular bank (Kaur *et al.*, 2014). As valid reasons, we can consider that these values need to prioritize through precise actions and it would only positively delivered to the customer by suitably skilled human resources in banks. However, today in public sector banks there is a common complaint among banking executives that skilled workforce is in short supply; thus, one may say human resources in banking sectors are becoming insufficient in both quality and quantity.

Aligned strategies and people are most important for achieving extraordinary results (Kalyani and Sahoo, 2011). To bridge the shortfall, Public sector banks are modifying their talent strategies to focus on employee engagement. Presently, public sector banks must effectively manage its workforce during every step of employment for to stay be competitive. To stay organizations' must expeditiously achieve its employees during every working phase from recruitment through training and development because other competitors are looking for young and skilled individuals and reaping the benefits of selection, recruitment, and development process (Coulson-Thomas, 2012).

LITERATURE REVIEW

Talent Management is often described as the systematic identification, development, retention; deployment and engagement of skilled workforce (Scullion *et al.*, 2010). Two influencing factors represent the actual value of talent management: organization and talented/experienced employee. Organization helps to shape talent management system to

fulfil its needs from an organizational perspective and skilled employee who is known as different terms in talent management definitions like "key employees", "high potentials" and "excellent abilities" so if needs of high potentials employees getting successfully addressed than value of TM increases in the organization (Thunnissen, 2016). High potential employees may not only costly to recruit even they could be difficult to retain and engage, Talent Management helps organization to focus on practices which contribute to boost engagement which resulted in high-level performance, reduce stress, ensure compliance and it provides opportunity to talented employees to become better and perform in an excellent way and also preserve the recognition they deserve (Culson-Thomas, 2012). Talent management helps in covering long-standing practices which aim at getting the right person in the right job at the right time at the right place (Cappelli and Keller, 2014). Talent Management is the number one concern of all top organizations in the world right now (Pachpande and Hinge, 2016). This is because, to be able to take advantage of the changing and growing markets, the organization must have good people in place. Having skilled employees implies that organizations must know how to identify, manage, develop keep and get the best out of their right people.

Talent management is concerned with sourcing talent, integrating and aligning talent, developing talent, engaging and rewarding talent, strategically deploying talent, and assuming there is an adequate talent pipeline to support the business as it moves toward its strategic goals. (Ulrich and Brockbank, 2005). Talent management focuses on developing and retaining skilled talent, and it improves the chance of better recruits at all levels of the organization. However, it is not enough to enhance the performance of an organization; the real success comes when the heart and minds of individuals in an organization are engaged. Talent Management strategies help in getting employees engaged with both heart and souls to their work tasks with complete enthusiasm (Altman, 2008). Being engaged is something which is more related to employee's hearts than their minds because feelings and emotions drive an individual's behavior. So how employers and organizations make their employees feel fit in their jobs makes a positive impact on their performance (Crowley, 2016).

EMPLOYEE ENGAGEMENT

The term engagement has been applied by business leaders and HR professionals over the last twenty years. They emphasize the different attitudes or perceptions of employees of specific elements for their work environment. Engagement can remove this inequality and create

more engaged workforce through it. Scholars have proposed a two-dimensional definition of engagement - first who knows what to do at work in their organization; and second who wants to do the job in their organization (Ellis *et al.*, 2007). As this definition shows, engagement should always be specific and determined by productivity context. Employee engagement is a substantial forecaster of positive organizational performance because that shows clearly the relationship between employer and employee. An engaged employee is emotionally attached to their organization and highly involved in their job with the great devotion and enthusiasm for the success of their employer (Markos and Sridevi, 2010).

About public sector banks, it can be observed that they are often faced with competition regarding rewards, remuneration, and selection process than private sector banks. Public sector banks should recruit employees on the merit of their skills and also provide rewards as that helps to gain extraordinary talent from employees. Job rotations and promotions should be given by performance of employees. That will help employees to provide a better platform to perform well and encourage potential growth. So, talent management strategies may assist in developing and fostering a new worker through improved onboarding, developing their potentials and also keeping current employees for a long time and lastly, to attract highly skilled workers to their organization (Bist and Shrivastava, 2013).

Today, human resources professionals face enormous pressures of acquiring, utilizing, developing and retaining the talented employees in their organizations. It helps to know the employee's abilities, skills, knowledge, experience, intelligence, judgment, attitude, character, drive and ability to learn and grow (Parthasarathy and Zimmermann, 2012). Talent management occupies a significant amount of senior management time, and presently managers struggle to manage talent effectively in organizations. Strategic talent management is an ongoing force of any organization because the mechanism of strategic talent management helps us determine the future demands of our leaders and specify the gap between what we have and what we need. It helps organizations to win in today's competitive era and renew strategies for the challenges of tomorrow (Collings *et al.*, 2011). HR executives and supervisors perceive the effectiveness of talent management and what challenges they observed in their organizations' when they implement the strategies of talent management and how they analyze all positive impacts on human resources outcomes like job satisfaction, motivation, commitment and trust in leaders (Bethke-Langenegger *et al.*, 2011).

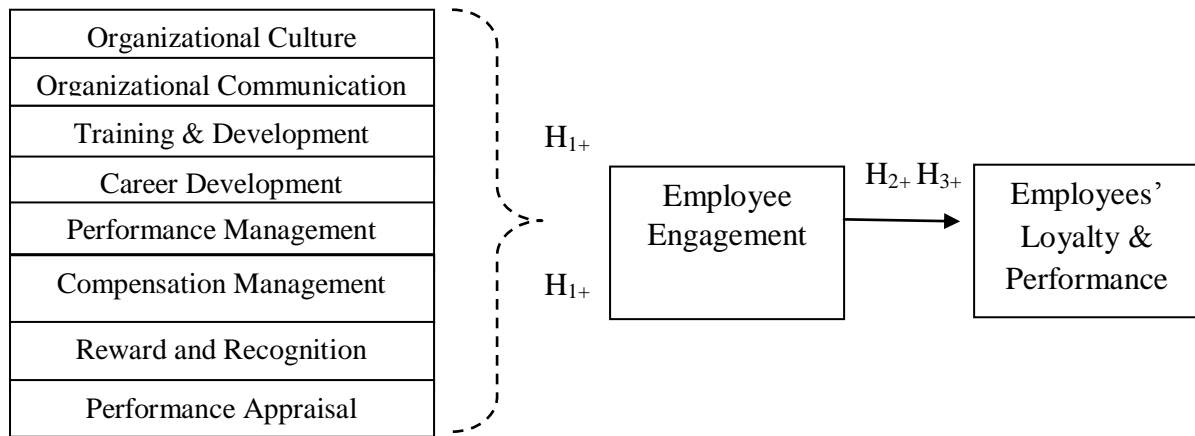
Hypothesis

H₁: Talent management practices will have a positive impact on employee engagement.

H₂: Employee engagement will increase the loyalty of employees.

H₃: Employee engagement creates a positive influence on employee performance.

The Conceptual Model with Hypothesized Relationships



Talent Management Practices

'+' indicate positive and direct impact.

RESEARCH METHODOLOGY

Method

The hypothesis tested by analyzing the response to a questionnaire survey which was carried out on a sample of employees of four public sector banks (State Bank of India, Punjab National Bank, Bank of Baroda and Bank of India) in Rajasthan state (India).

Sample

Using the purposive sampling plan from each branch, each level of employees was surveyed. Employees were given questionnaires. They were assured complete confidentiality and were requested to return the filled in questionnaire within an hour. The responses to the questionnaires were collected personally. A total of 375 responses were obtained resulting in a response rate of 75 percent.

The salient demographic features of the employees are summarized in Table 1. Age of the employees based on the range like '21-30' (=1), '31-40' (=2), '41-50' (=3), '51-60' (=4) and most of the employees were found at 21-30 age range. Educational qualification level based on degrees like 'Highschool' (=1), 'Bachelors' (=2), 'Masters' (=3), 'Others' (=4), many of them had the education to master level. No of working in the organization were analyzed at

the range like year '1-10' (=1), '11-20' (=2), '21-30' (=3), '31-40' (=4) highest degree of employees experience was based on 1-10 years. And Health level of employees based on a five-point scale like 'Excellent' (=1), 'Very Good' (=2), 'Good' (=3), 'Fair' (=4) and 'Poor' (=5), most of the respondents' respond Very Good.

Table 1: Sample Profile of Employees.

Variable	Employees	
	M	SD
Gender	1.31	.460
Age (in years)	2.16	1.19
Health	2.12	.822
No of years in the organization	1.82	1.163
Educational qualification	2.62	.596

Measures

Besides the socio-demographic variables on gender, age, some years of working, educational qualification including and health data on talent management practices, employee engagement, and employee performance were collected through self-reported questionnaire. The bank employees assessed employee engagement with their performance and loyalty to the banks.

Talent Management Practices

The questionnaire included eight items of talent management practices. Bank employees reported their perception of talent management practices of banks on a four-point scale. Respondents asked to rate each item on a dichotomous scale ranging from 'agree' (=1) to 'disagree' (=2). Items included in talent management practices were 'organizational culture,' 'organizational communication,' 'training and development,' 'career development,' 'performance management,' 'performance appraisal,' 'compensation management' and 'succession planning.' Sample questions included were 'my management team is transparent and contributes to a positive work culture', 'management ensures effective communication of the vision and strategic plans of company to all the employees', 'my organisation has provided much initial training which is relevant to my job', 'my organisation awarded job promotion reasonably without biases', 'my organisations' performance management system links performance to compensation, rewards, and recognition, and 'performance ratings are done periodically that helps in reducing grievance among staff'. The positive response to these eight items indicated improved talent management practices.

Employee Engagement

The questionnaire included twelve questions of employee engagement and these twelve questions taken from Gallup survey of employee engagement. Banks employees were asked to rate each question, using a five-point scale ranging from strongly disagree (=1) to strongly agree (=5). Sample questions included were 'I am aware of what is expected from me at work', 'At work, I have opportunity to do what I do best every day', 'In last seven days, I have received recognition or praise for doing good work', 'At work my opinions seems to count', 'The mission and purpose of my company makes me feel my job is important', 'My associates or fellow employees are committed to doing quality work', 'In the last six months, someone at work has talked to me about my progress' and 'This last year, I have had opportunities at work to learn and grow'. High score of these sample items indicates the highest level of employee engagement in the organization.

Employee Loyalty and Performance

The questionnaire included three questions of employee performance, these three questions are based on dichotomous scale 'agree' (=1) and 'disagree' (=2). Sample questions included in the questionnaire were 'I can understand the specific needs of customers,' 'When banks' customer dissatisfied, I can usually resolve the problem to their satisfaction,' 'I respond quickly and patiently to fulfill needs of customers.' A positive response to these sample questions indicates the highest level of loyalty and performance of employees for the banks.

The confluent and distinctive validities of constructs were tested by Confirmatory Factor Analysis (CFA). We decided to terminate items with a factor loading of less than 0.3. The objective of this stage of the analysis was to analyze and conclude low performing items. Only a few items of employee engagement eliminated. Additionally, descriptive statistics, various fit measures of the scales were accessed. These are given in Table 2 moreover validity of items; the inter-item consistency of each construct reported (Cronbach alpha > .70).

RESULTS

In four public sector banks (State Bank of India, Punjab National Bank, Bank of Baroda and Bank of India) each bank was the unit of analysis in the survey. Employees assessed the talent management practices of the organization and their loyalty and productive performance for banks. Improved talent management practices boost employee engagement which enhanced the loyalty of employees towards banks, and that fosters a level of performance.

The more employees loyal with their organization, the more they engaged in their work and employee engagement consider as primary success factor of competitive advantage. Best execution of talent management practices decides the level of employee engagement in the organization. Path analysis of structural equation modeling tests the following relationships among series of the independent and dependent variable. It examines the complex models in a single report. A direct model was tested to see whether talent management practices enhanced employee engagement.

Table 2: Scale Reliability and Validity.

Variable	No of Original Items	No of Retained Items	M	SD	Cronbach α	Fit Measures				Loading Range
						GFI	CFI	NFI	RMSEA	
Talent Management Practices	9	9	9.59	2.19	.82	.92	.89	.87	.09	0.54-0.79
Employee Engagement	12	11	44.21	8.05	.84	.88	.82	.79	.11	0.48-0.97
Employee Loyalty & Performance	3	3	3.02	.214	.79	1.00	1.00	1.00	.60	0.77-0.89

Table 3: Fit Measures of Two Models.

Model	CMIN	DF	CMIN/DF	GFI	CFI	NFI	RMSEA	PGFI	PCFI	PNFI
Direct	721.266	227	3.177	.857	.830	.771	.076	.705	.744	.692
Hypnotised	733.791	249	2.947	.860	.833	.769	.072	.714	.752	.694

We have done data analysis in SPSS-AMOS-24, we performed confirmatory factor analysis from a new independent sample of banks employees, and the result of the model declared a good fit. We tested two models directly and hypothesized, and both models suggested talent management practices positively influence the employee engagement which undoubtedly fosters the loyalty and performance of employees. The fit measure of both models (Table 3) indicates the obtained Chi- squares of all the models were highly significant ($p < .001$). The Goodness of fit index (GFI) is comparable to R² in multiple regressions. Comparative fit index (CFI) demonstrates the overall fit of the model referring to null model and Normed fit index (NFI) confirms the complexity of the design. The measures of (GFI, CFI, NFI) were close to 0.90 direct models implying the good fit of the hypothesized model in comparison to the direct model. The parsimonious fit indices of these measures PGFI, PCFI, PNFI that were less sensitive to sample size also favored hypothesized over the direct model. Root mean

square error of approximation indicates the approximation of the observed model to the exact model. The lower the root mean square of approximation of the observed model to the exact model, lower level of RMSEA consider as a better model and its less in hypothesized model. All these fits of the model suggested that the hypothesized path model provide a better fit to the data than the rival direct model. The hypothesized model supported all hypotheses.

DISCUSSION

Practical implications revealed that improved talent management practices enhanced employee engagement and that helps to increase the loyalty of employees and loyalty of employees towards organization fosters productive performance of employees. The theoretical implications of the concept based on talent management and employee engagement. This is a concept which has recently been in focus of many practitioners and academic studies. So, by existing research, the cardinal talent management challenges in public sector banks are performance management, succession planning, leadership development, organizational performance, job satisfaction, employee engagement, and retention.

Presently talent management becomes a grave concern of every human resource management professional for surviving in this competition of talent and fight against a limited and diminishing pool of qualified available candidate to replace skilled employees when they are leaving the organization. Every organization interested in maximizing productivity, and effectiveness and adopting systematic approaches for attracting, selecting, developing and retaining talented, skilled and knowledgeable talented employees. Employee engagement is also the biggest concern regarding skills management like maintaining and developing the necessary level of competence which is majorly required to achieve organizational and business objectives because when a skilled employee leaves then organization loses skills and causes low productivity and profitability. So talent management systems work strategically as part of the overall business strategy but also have to be implemented in the organizational routine processes throughout the organization.

Public sector banks are focusing on the situation from a financial perspective and assessing relationships between competence in talent management and financial performance because with a deliberate talent management strategy this demonstrates significantly higher financial performance. Talent management strategies need to be transparent and clearly communicated in the company both inside and outside because it helps in improves an employers'

engagement and create the positive impact on organizational performance when they sharply focused on employee's needs and satisfaction. Talent management strategies aim to support the succession planning, which has the weakest impact on organizational performance, particularly non-financial outcomes at both organizational and human level. If organizations found the pursuit of a strategy while focusing on attracting and retain talent to have the greatest effect on human resource outcomes, and its value for improvement in work quality and level of qualification. So if talent management practices aligned with corporate strategy, then it will lead to a higher impact on organizational outcomes like company attractiveness and the achievement of business goals and customer satisfaction.

While public sector banks acknowledge the necessity of talent management strategies but the implementation of these strategies is important. Findings of this study will enhance our understanding as for whether and how public sector banks are using talent management strategies to affect employee engagement, loyalty, and performance. Moreover, findings of this study will inform bank managers as to how these talent management strategies may affect the organizational outcomes and enhance bank performance.

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