Impact of Talent Management Practices on Employee Performance: An Empirical Study among Healthcare Employees

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Abstract

Purpose- The purpose of this study was to determine the effect of talent management practices on employee performance among employees working in healthcare organizations of Pakistan. Design/Methodology- This study employed a cross-sectional design and quantitative approach. To select the sample from the population convenience sampling was utilized. The sample of the study was comprised of 364 employees working in healthcare organizations to determine the performance of employee because of talent management practices. Questionnaire was used for collection of data. Findings- The outcomes of the study revealed a significantly positive effect of talent management practices i.e. recruitment and selection for talent attraction, coaching and mentoring for learning and development of talent, compensation for retention of talent on employee performance. Practical Implications- The results of study might help human resource management department of health care organizations through executing practices to manage talented employees can help them to motivate employee to perform effectually to meet the organizational objectives. Health care organizations should develop strategies and practices to manage the talent to be able to embrace changes through attracting, developing and retaining the talented employees to tackle the current and future needs of organization.

Introduction

In the era of global competition, talent management is a vital aspect for organizations to compete effectively through resourcing the needed talent. Thus, performance of talented employees play a crucial role towards maintaining competitive lead of organization in challenging situations (Mkamburi & Kamaara, 2017). Moreover, (Taha, Gajdzik, & Zaid, 2015) asserted that through executing talent management practices such as identifying, attracting, selecting, training and retaining individual can help organization to utilize the
capabilities and performance of talented employee towards achieving success at local as well as global level. Additionally, a pool of activities embedded in talent management concerned with attracting, selecting, developing and retaining the talented employees to unveil the potential of competent individual who excel at specific activities and performance effectually within organization (Scullion & Collings, 2011). Organizations are facing difficulties in attracting pool of talented employees, their learning and development and retention of talent to meet the anticipated needs in continuously changing environment (Schuler, Jackson, & Tarique, 2011); keeping in view the changing context, management of talent thus, turn out to be a principal factor for department of human resource management within organization to meet the present and future demand of talented workforce (Collings, Scullion, & Vaiman, 2015). On one side, to compete the technological as well as global competition, organizations must allocate resources to meet their existing and projected requirement of talent to contend effectually to attain competitive advantage and it is possible through the optimal performance and management of competent employees. On the other side, practices to manage talent is significant in developing competent employees within the existing workforce to attain competitive edge over others (Mary, Enyinna, & Ezinne, 2015).

Now a day, practices to manage talent has received greater attention owing to its capability towards creating and maintaining competitive lead for organization over its competitors though it has not been deliberate broadly among different kinds of organizations. Numerous studies have been carried out regarding talent management practices and employee performance; yet, no substantial work has been undertaken in context of healthcare organization of Pakistan. Moreover, (Ingram & Glod, 2016) asserted that limited study exists regarding talent management practices in health care organization. To fill this gap, this study attempts to examine the impact of talent management practices on employee performance among personnel working in health care organization. Main objectives of this study were to determine the effect of recruitment & selection for talent attraction on employee performance while also evaluate the effect of coaching and mentoring for learning & development of talent on employee performance and to determine the influence of compensation for talent retention on employee performance.

**Literature Review**

**Talent Management and Employee Performance**

Talent management is defined as a set of organizational designed practices to attract, develop, deploy, retain talent as well as management of career to attain future demands aimed at getting the right individual in the right job (Cappelli & Keller, 2014). According to (Muriithi & Makau, 2017), talent management practices is elaborated as human resource progression to gain competitiveness and now a days it become an area of concern for organization to manage the talent effectively and efficiently. Moreover, (Gupta & Aggarwal, 2012) asserted that talent management is well thought-out as the mainstay of human resource management, to meet organizational objectives through talented employees. For organizations to compete in present-day business environment, they must design appropriate practices to attract the talent through recruitment and selection, develop the talented individuals to meet the current and future skills requirement, manage and retain them to be better able towards managing the competition (Stahl et al., 2007).

For all organizations to accomplish competitive gain over other competitors is possible through performance of talented employee. Thus, employee performance is the outcome created by action of individual over a specific time to fulfill the desired task or the ability of person to accomplish organizational goals (Shaikh, Tunio, & Shah, 2017). (Ndolo, Kingi, & Iuba, 2017) evaluated the influence of talent management practices on employee performance. They indicated significantly positive effect of talent management practices include talent development, career development & work-life balance on performance of employees. On the other hand, (Dixit & Dean, 2018) also specified positive effect of talent management practices on employee performance.
performance and job satisfaction. In addition, (Mangusho, Murei, & Nelima, 2015) also specified that talent management practices affect employee performance. This study is grounded on two theories related to management of talent include the Maslow hierarchy of need and human capital theory.

**Maslow's Hierarchy of Needs Theory**

As specified in Maslow hierarchy of needs theory, five categories of human needs begin with physiological needs comprised of food, water and shelter, it is primarily ought to be fulfilled followed by security, belonging, esteem needs while end with self-actualization need (Kaur, 2013). These need of employee can be satisfied by organization through good pay & compensation (Jiang, Xiao, Qi, & Xiao, 2009). Through providing opportunities for employees to develop to their fullest potential by improving their skills (Ibidunni, Osibanjo, Adeniji, Salau, & Falola, 2016; Taormina & Gao, 2013). However, these supplementary assistances by organization can inspire worker to seize new opportunities to enhance their performance (Jerome, 2013). Organizations must considerate and develop a competitive way to meet the needs of employee for attraction and retention of talent (Haque, Haque, & Islam, 2014). Moreover, failure to satisfy the needs of employees would lead towards increased frustration and intention to withdrawal; lesser performance, job satisfaction among employee (Ibidunni et al., 2016). Through utilizing the current resources of an organization with appropriate practices to satisfy the prism of elementary needs of human can upsurge the performance of individuals. Thus, organizations can attract, develop and retain a pool of talented employees to do their best to achieve organizational objectives.

**Human Capital Theory**

Skills, ability and knowledge of employees is elucidated in theory of human capital and issues linked to this important capital include attraction, development and maintaining individual within organization towards creating a skilled personnel through utilizing diverse practices to manage the talent (Buta, 2015). For organizations, human capital is of greater significance when particularly they focused on employment, education and training of employees lead to increase the demand of competent employees to attain competitive advantage over other opponents. Thus, this theory became an important aspect to comprehend behavioral aspect of human capital (Teixeira, 2014). Human capital is important aspect for organization to fulfill the activities related to task which in turn enhance the performance and productivity (Paleri, 2018). Human capital performance and potential individuals presence in organization is considered as a main component to deal with demographic shifts and globalization to improve performance as well as drive value through realizing the organizational talented employees (McCracken, Mcivor, Treacy, & Wall, 2017; Thomas, Smith, & Diez, 2013). According to( Oladapo, 2014), talent management primarily focused on five aspects comprised of attraction, selection, engagement, development and retention of employee. This study focused on three aspects of talent management practices include talent attraction, learning & development and retention which were discussed in the subsequent section.

**Attraction of Talent**

Talent management begins with practices of recruitment and selection in organization (Alruwaili, (2018)). Moreover, (Armstrong, 2006) specified that there are numerous ways to attract talented individuals, but one of the crucial aspect among other is recruitment and selection. This is considered as significant task for organization to recruit a pool of talent and then choose the potential individual from that pool which will ultimately steer organization towards success (Rabbi, Ahad, Kousar, & Ali, 2015). Talent attraction through recruitment represent a vital phase in management of talent to determine which workers will be able to serve the organizations effectively while selection is elucidated as capabilities of talent assessment to fulfill the task of job appropriately ultimately lead to hire the right individual in right job (Bratton & Gold, 2017). (Oaya, Ogbu, & Remilekun, 2017) explicated recruitment as a process of discovering talented personnel for current or expected vacancies whereas selection is a method of selecting suitable individual for the job. Recruitment
is explained as candidate search while selection is demarcated as elect the person to do the job. Thus, to hire and selecting the right employee in the right job eventually affect the organization as well as employee performance (Anosh, Hamad, & Batool, 2014).

According to (Pahos & Galanaki, 2018), recruitment and selection can be a technique to improve performance of individual employee through familiarizing talented individuals as well as providing opportunity to perform in organization. They also specified positive relationship between staffing (recruitment & selection) practices and employee performance. (Rahmany, 2018) employed deductive approach to assess influence of recruitment & selection processes on employee performance. Result confirms a positive relationship between recruitment, selection and employee performance. (Jolaosho, Olayink, Raji, & Akintan, 2018) did survey research to examine the effect of recruitment and selection on performance of employee. They revealed positive impact of recruitment and selection on performance of employee. They further concluded that recruitment and selection is of greater importance to attract competent employee who can perform better in future to attain the organizational objectives. Thus, the subsequent hypothesis is anticipated for this study:

H₁: Recruitment & selection for attraction of talent positively influence employee performance.

Learning and Development of Talent

Learning and development of talented employee has become a mainstay for organizational success, without unceasing learning & development it may become problematic for employees to maintain their performance in today’s competitive era. Therefore, learning and development is important for employees towards upgrading the skills to meet the needs of continuously changing environment (Rabbi et al., 2015). On the other hand, (Mangusho et al., 2015) asserted two main aspects for learning & development of talent i.e. coaching and mentoring. According to (Khakwani, Aslam, Azhar, & Mateen, 2012), coaching and mentoring are vital tools used in many corporations to advance employee performance. Perhaps, employees not perform well due to lack of skills and capabilities. Therefore, execution of mentoring and coaching practices by organizations aids workers to develop skills to meet the existing and anticipated performance requirement at work. Coaching is one-to-one intervention for learning and development that utilize a goal-focused approach in developing the potential employees skills and competency (Achi & Sleilati, 2016; Jones, Woods, & Guillaume, 2016). Coaching is elucidated as a process to improve skills & capabilities of individuals to enhance work-related performance (Utrilla, Grande, & Lorenzo, 2015).

According to (Jyoti & Sharma, 2015), mentoring is valuable means for learning and managing the changes in organization with advancement in career and performance of employees. Presently, it has become an approach for development of employee talent (Ofobruku & Nwakoby, 2015). (Neupane, 2015) did a study to inspect the effect of coaching and mentoring on performance of employee in UK. Outcomes of study revealed a positive effect of coaching and mentoring on employee performance. Another study conducted by (Mundia & Iravo, 2014) regarding the effect of mentoring on the employee performance. They specified a positive influence of mentoring on performance of employee. Therefore, mentoring plays an imperative role in enhancing the employee performance through transfer of knowledge and guidance. Similarly, (Raza, Ali, Garrison, Ahmed, & Moueed, 2017) examined the association between coaching and performance of employee. The findings of study showed that coaching positively influence job performance of employee. Therefore, the subsequent hypothesis is formulated:

Retention of Talent

Retention of talent is of greater importance for organization to maintain competitiveness this is possible through executing compensation practice to avert employees from exiting the job (Chiekezie, Emejulu, & Nwanneka, 2017; Nzewi & Chiekezie, 2016). On the other hand, (Mabaso, 2016) also asserted that retention of valuable employees has ascended as the prime challenge for organizations. Thus, compensation appear to be viable approach in retaining talented employees to the growth and accomplishment of organizational goals. Compensation is demarcated as returns arising from employees employment (Dessler, 2013). A process through which personnel for their input are compensated in organization (Sharma, 2013).

According to (Osibanjo, Adeniji, Olubusayo, & Heirsmac, 2014), compensation is considered as an effective technique adopted by organization because it effects performance and retention of talented employees. For performance of employee, compensation play a vital role in improving their performance in organization. (Hameed, Ramzan, Zubair, Ali, & Arslan, 2014) did a study to inspect the impact of compensation on employee performance. They revealed a positive effect of compensation on employee performance. (Sulaefi, 2018) performed an explanatory study to determine the effect of compensation, organizational commitment and career path on employee job performance. Outcomes of study specified a significant effect of compensation, organizational commitment & career on employee performance. Consequently, the following hypothesis is framed:

$H_3$: Compensation for retention of talent positively influence employee performance.

Theoretical Framework

The following theoretical framework has been developed after an in-depth review of literature regarding talent management practices and employee performance.

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+-----------------+                    +-----------------+
| Talent Attraction|                    | Talent Retention|
+-----------------+                    +-----------------+
| Recruitment & Selection |  +-----------------+| Compensation |
| Talent Learning & Development |  +-----------------+| |
| Coaching & Mentoring |  +-----------------+| |
|                    |  +-----------------+| |
| Employee Performance |  +-----------------+| |
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Research Methodology

A cross-sectional study design was used for this study. The quantitative approach was employed by using the questionnaire that encompassed questions measuring recruitment and selection, coaching & mentoring, compensation and employee performance. To select the sample from the population, non-probability convenience sampling was utilized. The sample of the study was comprised of 364 employees including paramedical & administrative staff and physicians working in different healthcare organizations in Karachi, Pakistan to determine the performance of employee because of talent management practices. To measure all the variables, developed scales were adopted from (Eby, 2013; Saifulislam, Osman, & AlQudah, 2014; Singh, 2004; Tabouli, Habtoor, & NashiefS, 2016; Taruru, Keriko, Ombui, Karanja, & Tirimba, 2015). Reliability, correlation and regression analysis were performed by using SPSS to assess the hypotheses.
Findings

Reliability Statistics
Reliability analysis was applied to determine the internal consistency of variables. Analysis of internal consistency revealed the value of alpha for recruitment and selection was 0.745, N=5 whereas the alpha value of coaching and mentoring was 0.983, N=13. For Compensation the value of alpha was 0.891, N=5 while for employee performance value of Cronbach alpha was 0.825, N=8. Thus, the questionnaires used in this study was reliable as the value of alpha was above the acceptable limit of 0.7 among all variables (Nunnally & Bernstein, 1994).

Table 1 – Reliability Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha Value</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment &amp; Selection</td>
<td>0.745</td>
<td>5</td>
</tr>
<tr>
<td>Coaching &amp; Mentoring</td>
<td>0.983</td>
<td>13</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.891</td>
<td>5</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.825</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 2 shows the correlation value of all variables. The analysis of correlation specified a positive relationship between recruitment & selection and employee performance (r = 0.779, p = < 0.05) while positive correlation also exist between coaching & mentoring and employee performance (r = 0.801, p = < 0.05). Compensation showed a positive association with employee performance (r = 0.834, p = < 0.05).

Table 2 – Pearson correlation (Recruitment and Selection, Coaching and Mentoring, Compensation & Employee Performance)

<table>
<thead>
<tr>
<th>Variables</th>
<th>EP (N=364)</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>EP</th>
<th>R&amp;S</th>
<th>C&amp;M</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment &amp; Selection</td>
<td>1</td>
<td>.779</td>
<td>.000</td>
<td></td>
<td>.801</td>
<td>.834</td>
<td></td>
</tr>
<tr>
<td>Coaching &amp; Mentoring</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td>.834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: EP (employee performance), R&S (Recruitment and Selection), C&M (Coaching and Mentoring), C (Compensation).

Table 3 displays the multiple regression analysis summary in which recruitment and selection, coaching & mentoring, compensation were independent variables while employee performance was dependent variable. Regression analysis gave significantly positive outcomes as value of p = < 0.05, F (3, 360) = 332.932, value of \( R^2 = 0.735 \) which indicates that the total variation in employee performance has been explicated by recruitment & selection, coaching & mentoring and compensation. Therefore, un-standardized beta (\( \beta \)) of recruitment and selection was 0.258, p < 0.05 which specifies that recruitment and selection has positive and significant effect on employee performance, coaching and mentoring (\( \beta = 0.170, p < 0.05 \)) which shows that coaching & mentoring has significantly positive effect on employee performance and compensation (\( \beta = 0.389, p < 0.05 \)) which indicates that compensation has positive and significant effect on employee performance.

Table 3 – Regression Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and Selection</td>
<td>.258</td>
<td>.055</td>
<td>4.696</td>
<td>.000</td>
</tr>
<tr>
<td>Coaching and Mentoring</td>
<td>.170</td>
<td>.046</td>
<td>3.723</td>
<td>.000</td>
</tr>
<tr>
<td>Compensation</td>
<td>.389</td>
<td>.051</td>
<td>7.566</td>
<td>.000</td>
</tr>
</tbody>
</table>

\[ R = 0.857 \]
\[ R^2 = 0.735 \]
\[ F (3, 360) = 332.932 \]
Discussion
This study focused on talent management practices and its effect on employee performance in healthcare organizations. First hypothesis of this study i.e. recruitment and selection for attraction of talent positively influence employee performance is accepted because results are showing positive and significant effect as p value is less than 0.05. Therefore, recruitment and selection play a significant role in attracting the talented employees which ultimately affect the performance of employee in health care organization. Outcome of study are in accordance with the studies led by (Jolaosho et al., 2018; Pahos & Galanaki, 2018; Rahmany, 2018). Second hypothesis of this study i.e. coaching & mentoring for learning and development of talent positively influence employee performance is accepted as p value is less than 0.05. Thus, coaching and mentoring are considered as vital gears to enhance the performance of employee in health care organization. These results are consistent with the outcomes of numerous studies (Mundia & Iravo, 2014; Neupane, 2015; Raza et al., 2017). Compensation for retention of talent positively influence employee performance as third hypothesis of this study is also accepted as p value is less than 0.05. Therefore, talent retention through compensation is an effective way to improve performance of employee as well as avert talented employees from exiting the job. The outcome of this study is concurrence with the results of (Hameed et al., 2014; Sulaefi, 2018). This study present empirical evidences regarding talent management practices and employee performance. Therefore, it is an important aspect for today’s organizations to attract, develop and retain talent as it subsequently improves the performance of employee. Thus, in changing environment all organizations including healthcare sector must redefine their practices regarding the management of talent to better utilize the capabilities of employees to gain competitiveness over opponents.

Conclusion
This study assessed the talent management practices specifically recruitment and selection for talent attraction, coaching & mentoring for learning &development of talent and compensation for retention of talent and its effect over employee performance. A positively significant influence of talent management practices (recruitment and selection, coaching & mentoring and compensation) on employee performance reveals in this study. Health care organizations should develop strategies and practices to manage talent to be able to embrace changes through attracting, developing and retaining talent to tackle the current and future requirements of organization and competitive lead as well as organizational performance can upsurge through employee performance. This study is supported by the views of (Collings et al., 2015) which asserted that talent management is an approach to attract, retain, develop individuals to meet present and future needs of organization. In line with this, (Shaikh et al., 2017) opined that for all organizations to accomplish gain over other competitors is possible through performance of talented employee. In addition, findings of study suggest that organization must develop appropriate practices to management their talented employees which can help them to attain the desired goals. On the other hand, future researchers should investigate the impact of talent management practices on organizational performance. Moreover, other aspects of talent management practices should be studied to further broaden the horizon.

References


