
The Impact of Talent Management Initiatives on Perceived Employee Performance in the Banking Sector, Sri Lanka

De Silva M.T.T. ^a, Tharanganie M.G.G. ^b

^a Department of Department of Management and Entrepreneurship, Faculty of Management and Finance, University of Ruhuna, Matara, Sri Lanka

thedushika@gmail.com

^b Department of Human Resource Management, Faculty of Management Studies and Commerce University of Sri Jayewardenepura, Nugegoda , Sri Lanka

geetha@sjp.ac.lk

Abstract

Investing on talents has been predominantly increasing in corporations to generate the expected performance from the best talents and retaining them as it is essential factor of achieving competitive edge which reflects in organizational performance. Though a plethora of studies have been conducted for human resource management and organizational outcomes, there is a dearth of studies investigating on talent pools, talent management practices and its impact on desirable employee level outcomes. The study aimed to examine the impact of multi dimensional aspect of talent management initiatives on perceived employee performance empirically in the context of licensed commercial banks in Sri Lanka. Also it uncovered the most influential talent management dimension on perceived employee performance as talent recruitment which comprised with selective staffing and employer branding for talent acquisition in talent management-performance link. The study was conducted on a sample of 245 talented banking employees. The data was analysed using structured equation modeling with the aid of AMOS version 22. The findings revealed talent management initiatives have significant and positive effects on perceived employee performance. Further, it divulged perceived employee performance is significantly and positively influenced by talent recruitment dimension under talent management. Accordingly the findings have proposed adopting talent management initiatives is worthwhile as it leads to better improved performance of talented individuals at work and specific attention can be given on talent recruitment in determining the bundle of talent management practices.

Keywords: *Perceived employee performance, talent management initiatives, Sri Lankan licensed commercial banks*

Introduction

It has been challenging to survive in current business environment in the presence of globalization and evolving technology which created a necessity for any organization to be more responsive and innovative than the past. On this ground, the role of human resource management (HRM) is crucial in stimulating overall performance of employees as they produce unique capabilities and novel thinking to various business problems and work settings. In contrast to HRM which has a general focus on managing people, it has been emerged the concept of talent management (TM) which is said to be critical in achieving sustainable competitive advantage through identification, development and redeployment of talented employees in organisations (Iles et al., 2010) with the theoretical configuration of resource based view of Barney (1991). It sounds exceptional business performance and innovations can be driven by the talented individuals (Mensah et al., 2016). However the debate among some scholars (Barlow, 2006; Cappelli, 2008; Lewis and Heckman, 2006; Stewart, 2008) on talent management, as it is just a re-branding of human resource management, re-packing old thoughts under a new term or producing old wine in new bottles. A rigorous review of literature and key ideas promulgated by scholars indicate that though HRM and TM have some practices in common, but there's a significant distinction in strategic positioning of talented employees to compel the performance of other members and the organisation (Iles et al., 2010; Mensah, 2015). The focus on talent management is more specific on talent pools/talent pipelines and 'segmented' whereas the emphasis of HRM is seen as 'egalitarianism' (Iles et al., 2010). The segmenting approach is sharpened from marketing theories such as workforce segmentation and employer branding for talent acquisition to focus on attracting and retaining key individuals (Tansley, 2007).

The importance of talent management is arisen with the globalising and advanced technology where the competitors can imitate every single innovation (Wright et al., 2011). In this context, talented employees are needed to continue ongoing innovation. Talent is needed to be secured for gaining sustainable competitive advantage. Talent management practices have evolved over the time (from late 1990s) and moved into holistic and inclusive view with the alignment of such practices with the corporate strategies of organisations (Zesik, 2016). These practices are focused with building employee commitment, enhanced performance, trust, engagement and allowing implementation of organisational goals at different levels (Gelens et al., 2013). Thus, employee performance can be improved through talent management (Khaki, 2017; Luna-Arocas and Morley, 2015; Mensah, 2015). Employee performance comprises both financial and non-financial outcomes of which have direct relations to organisational performance and its success (Anitha, 2014). It has been revealed that

employees who have been identified as talented, tend to exhibit higher work effort which leads to higher performance than those who have not been recognized (Bjorkman et al., 2013). Despite the scholastic views on the TM-performance linkage, it is vital to investigate TM practices and its direct impact on improvement of performance of talented individuals underlying with Ability-Motivation-Opportunity (AMO) theory as well as with Social Exchange Theory (SET).

Research problem

As highlighted in the study background, in the knowledge era, the most of organisations perceive the importance of having a key talent base in order to survive dynamic business rivalry sustainably (Thunnissen & Arensbergen, 2015). This is challenging in today as managing and retaining such talents is difficult with the higher level of career mobility among new generation (Ariyawansa, 2008). To support to the context, concerning on the generation Y (born in 1980 to 2000) expect to have multiple career and multiple employer attitudes (Ethics Resource Center, 2010). In the light of above background, the study links talent management initiatives with perceived employee performance in the context of Sri Lankan banking sector. Sri Lankan banking sector is comprised with 25 licensed commercial banks (LCBs) and 07 licensed specialized banks (LSBs) by 2016 (Central Bank, 2016). According to the Sri Lankan statistics, 159,000 personnel are employed in financial and insurance sector, which count 2% for the 46.5% of total employment in the service sector employment (Central Bank, 2016). Out of financial and insurance sector, the banking sector is growing resiliently with a stiff rivalry to capture lucrative customer base creating a higher demand for experienced talents to be attracted and secured (Ariyawansa, 2008). The service nature of banking sector; bankers are supposed to work with greater customer intimacy in fulfilling their financial needs (Ariyawansa, 2008). The skills and competency of bankers are essential in making customers delight (Ariyawansa, 2008), thereby the preserve the reputation and profitability of banks. In addition, the cognitive skills, predictive analytical skills and creativity are set of skills needed be embedded with bankers when managing their lending portfolio, assessing credibility of the clients and delivering superior customer service (Tajuddin et al., 2015). A local study of Ariyawansa (2008) mentioned, the career mobility among Sri Lankan financial industry is high, owing to the intense competition of capturing talents into the talent pools. Therefore the retention of such skilled bankers has become a challenge as the exponential rise in head-hunters with attractive offers to absorb them into other competitive banks (Ariyawansa, 2008). Talented employees are more sensitive towards their career development and progress at work, posing higher importance to apply correct blend of talent management practices by the human resource departments (Tajudin et al., 2015). The context is further emphasized by Groysberg et al. (2004) as no guaranteed of past superior performance will continue with the same momentum at working environment. Hence, Thunnissen and Arensbergen (2015), suggested to have structural development

program for talent management which includes “soft” developmental human resource practices (Truss et al. 2001, p. 1124) such as regular training practices and “hard” human resource practices (Truss et al. 2001, p. 1125) such as performance appraisals and agreements, challenging goals ect in order to improve the performance of talented workers. Perceiving such importance of managing talent, specific human resource personnel catering to the talent pools designated as “talent acquisition and learning managers”, “talent assessment and development managers”, can be witnessed in Sri Lankan banking sector. Hence, investing on talents has been predominantly increasing among corporations to generate the expected performance from the best talents and retaining them as it is essential factor of achieving competitive edge.

However spending massive amount of expenses on human capital is not always sensible due to financial constraints and adverse economic conditions (Innocenti et al., 2011). Thus making the best talents more engaged to work through talent acquisition and development practices is expected to have positive impact on firms’ profitability. The economic value of such organisational efforts (in relation to utility theory) should be reflected in the individual performance thereby in the firm’s performance (Geer, 2004). Further, in the assessment of existing studies of TM, there is no agreement upon ‘which set of talent management initiatives’ should be used when examining TM-performance linkage (Jonathan et al., 2011). Thus, investigating the impact of TM initiatives on performance of bankers was mainly addressed in the present study and the most affecting talent management dimension on perceived employee performance.

Although the concept of talent management is not a brand new concept (since 1990 according to Michaels et al., 2001), there is a dearth in theoretical and empirical research on the linkage of TM-performance. Existing research on the HR practices-employee outcomes links are inadequate to examine the mechanisms of talent management which affect employee level outcomes. Few studies can be found examining the effects of TM practices with high performing employees (eg: Alias et al., 2014; Bhatnagar, 2007; Dhanalakshmi et al., 2016; Hughes & Rog, 2008; Khaki, 2017; Mensah, 2015). Out of those, few studies can be observed testing talent management context in banking context in other countries such as Malaysia, India, Ghana, USA and Norway and more studies can be observed specially in the industries of information technology, tourism and hospitality. Irrespective of encouraging signs over TM, the research evidence in Sri Lankan context remains dubious due to the dearth of studies. Thus the study examined the impact of talent management on perceived employee performance as it is vital and timely requirement for making more scientific decisions related to investing TM practices to improve individual performance. Theoretically, the study contributes new avenues of linking TM and its dimensional framework and employee level outcome of individual performance whereas organisational level outcomes are frequently tested in empirically grounds. In addition, the study uncovered the most affecting talent

management dimension on perceived employee of talented bankers which adds a theoretical contribution to existing TM literature.

Accordingly the main research problem of the current study could be posed as,

What is the impact of talent management initiatives on perceived employee performance?

Research Questions

Based on the main research problem, following research questions can be presented:

- What is the impact of talent management initiatives on perceived employee performance?
- What is the impact of talent recruitment on perceived employee performance?
- What is the impact of managing talent on perceived employee performance?
- What is impact of talent retention on perceived employee performance?
- What is most influential talent management dimension on perceived employee performance?

Research Objectives

In order to address the main research problem, the study was aimed to achieve following objectives:

- To examine the impact of talent management initiatives on perceived employee performance,
- To find out the impact of talent recruitment on perceived employee performance,
- To find out the impact of managing talent on perceived employee performance,
- To find out of talent retention on perceived employee performance,
- To uncover the most influential talent management dimension impact on perceived employee performance,

Review of the relevant literature

The paper presents a brief literature cover on talent management and perceived employee performance.

Talent management initiatives

The term Talent Management was coined in late 1990s with 'war for talent' by a group of consultants of McKinsey (Michaels et al., 2001). After the emergence of the concept, the talent management has been gradually and consistently gaining attention and interest of both the academic scholars and practitioners in the domain of human resource management (Collings & Mellahi, 2009). Despite of talent wars, the concerns over talent raids and talent

shortages, talent metrics retention and talent strategies have been given priority across the world, especially in the countries as United State of America, United Kingdom, Japan, China, India and the Asian region (Branham, 2005; Bennett & Bell, 2004; Chugh & Bhatnagar, 2006; Dunn, 2006; Lewis & Heckman, 2006; Ruppe, 2006; Yeung, 2006). Lack of clarity over the concept of talent management (Lewis & Hackman, 2006) declined with the emerging demand for talented employees to cope up with the challenges of dynamic business environment and competition. Collings and Mellahi (2009, p.304) defined talent management as “activities and processes that involve the systematic identification of key positions that differentially contribute to the organisation’s sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents, and to ensure their continued commitment to the organization”. It is usually considered as a differential treatment caters on high performers of organisations (Gelens et al., 2013).Talent management is perceived as a critical to achieve competitive advantages in organisations and also leads to sustainable competitive advantage (Iles et al., 2010) which is underlined with the Resource Based View (RBV). In RBV approach, the emphasis is given to unique set of human capital which can be perceived as a source of sustained competitive advantage having the characteristics of valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991).

Talent management was originally designed to advance the recruitment and development of employees in order to meet the desired competencies for achieving demands of the organisation. In later studies (Hillebrandt & Ivens 2012; Anitha, 2014; Thunnissen & Arensbergen, 2015) it is found that talent management has been perceived as an integrative approach combining attraction, development and retain of talented employees within the organisation. In assessing the existing studies, widely and frequently used practices have been considered in the present study as indicated in Table 1, with a relevance to banking sector Sri Lanka:

Table 1 – The Talent Management Initiatives of the study

Dimensions	Sub dimensions	Source
Talent Recruitment	<ul style="list-style-type: none"> ▪ Selective staffing 	Snell & Dean (1992)
	<ul style="list-style-type: none"> ▪ Employer branding for talent acquisition 	Hillebrandt & Ivens (2012)
Managing Talents	<ul style="list-style-type: none"> ▪ Training and development 	Snell & Dean (1992)
	<ul style="list-style-type: none"> ▪ Performance management 	Snell & Dean (1992)

	<ul style="list-style-type: none"> ▪ Compensation management 	Snell & Dean (1992), Hillebrandt & Ivens (2012)
Talent Retention	<ul style="list-style-type: none"> ▪ Career planning and advancement ▪ Work-life balance 	Greenhaus et al., (2004), Stahl et al., (2009) De Cieri et al., (2005); Greenhaus et al., (2004); Hayman (2005)

Source: Author's compilation (2018)

Employee performance

The concept of employee performance is vastly relevant not only for individuals, but also for organizations (Mensah, 2015) as the success of the organisations is predominantly contributed by the productive behaviours of the employees. Viswesvaran and Ones (2000, p.216) defined job performance as, “scalable actions, behaviour and outcomes that employees engage in or bring out that are linked with and contribute to organisational goals.” Yildiz et al., (2008, p.240) stated employee performance as “the percentage of using the capacity of people in order to complete a work successfully in a certain period of time.” In assessing the literature related to employee performance, ‘ability, contribution, action, capacity or behavior’, were used by most of the researchers. Employee performance includes both financial and non-financial outcomes which have a direct connection with the performance and success of the organisation (Anitha, 2014). Quality of offerings, productivity and customer service are the key areas of such organisational success which mainly depend on the performance of the employees (Rounok & Parvin, 2011). Hence employee performance has become a paramount in meeting organisational needs for fulfilling expectations of stakeholders (Mensah et al., 2016). In a highly competitive business environment, employee performance is seen as a way of gaining competitive edge (Iqbal et al., 2015). The presence of sufficient resources, infrastructure and physical facilities become worthless, unless the direct/indirect involvement of human hands into the operations of the organization (Muda et al., 2014), even in a techno oriented society. Hence this reflects that the “organisations are the people in them and people make up the organization” (Schneider, 1987, p.439). Employee performance is considered as multi-dimensional or multi-disciplinary concept (Borman & Motowidlo, 1993; Koopmans et al., 2011). The totality of the concept can be operationalised as task, contextual, adaptive and counter-productive according to Koopmans et al., (2011) of which has been used in the present study to conceptualise the perceived employee performance of talented bankers.

Development of hypotheses and the conceptual framework

In this research, the role of talent management was investigated pertaining to its impact on perceived employee performance. Research hypotheses and the conceptual framework have been ascertained on a solid foundation of literature with the main focus to the research problem. The hypotheses and the model postulated the relationships of the study variables and simplify the understanding of the current research context.

Talent Management Initiatives and Employee Performance

The recognition for employee performance is widely acknowledged in the literature related to talent management (Thunnissen & Arensbergen, 2015). In assessing many studies, the talent is identified as top ranked employees who display higher level of performance in current and future performance (Collings & Mellahi, 2009) towards the organisational performance. However the above context is challenged by Groysberg et al., (2004), as no guaranteed of past superior performance will continue with the same momentum at working environment. Hence, Thunnissen and Arensbergen (2015), suggested to have structural development program for talent management which includes “soft” developmental human resource practices (Truss et al., 2001, p.1124) such as regular training practices and “hard” human resource practices (Truss et al., 2001, p.1125) such as performance appraisals and agreements and challenging goals. Such developed program would lead to increase the performance of talented employees at an accelerated pace which may differ from other programs offered to the general employees (Thunnissen & Arensbergen, 2015). The concept is developed to strategic talent management system, which involves in identify high performers, deploying them in pivotal positions and managing them through differentiated human resource architecture (Collings & Mellahi 2009). This would result in higher level of individual performance in line with Ability-Motivation-Opportunity (AMO) theory (Thunnissen & Arensbergen, 2015). Further in literature, talent management practices leads to create high performers to be agile as it is necessary to survive in dynamic modern business environment where the adaptability of performance is another essential fact in sustaining the competitiveness of organisations (Khoreva et al., 2017). Further Social Exchange Theory (SET) assist the context that “recruitment, management and retention of talented employees reflects an investment in employees who are then felt obligated to reciprocate with beneficial attitudes and behaviors” (Kuvaas & Dysvik 2010, p. 139) of motivation, satisfaction, commitment and engagement in their jobs (Bethke-Langenegger et al. 2011, p. 527). Blended with theoretical and empirical insights, the following hypothesis can be derived:

H₁: The talent management initiatives have an impact on perceived employee performance

H₂: Talent recruitment has an impact on perceived employee performance

H₃: Managing talent has an impact on perceived employee performance

H₄: Talent retention has an impact on perceived employee performance

The conceptual framework

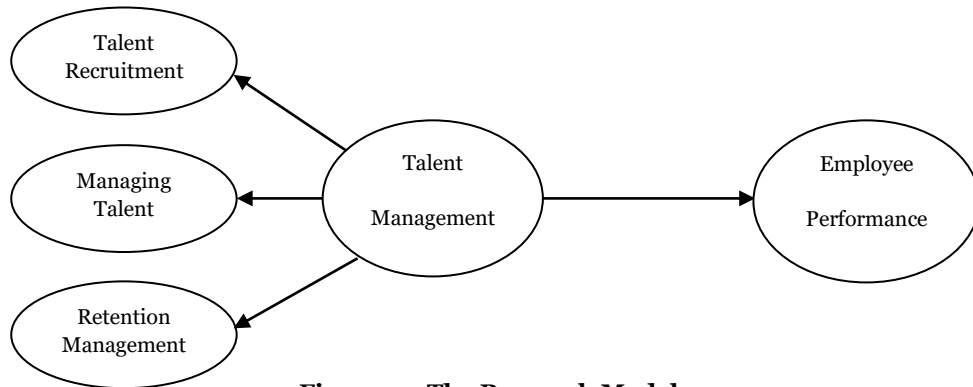


Figure 1 – The Research Model

Source: Authors' construction (2018)

Measures

The level of abstraction in variables presented in the conceptual frame work has been operationalised into measurable components based on the existing literature. All items of each constructs (Talent management initiatives and perceived employee performance) were measured using five point Likert-scale from 1, strongly disagree to 5, strongly agree. The four dimensional frame of perceived employee performance was measured using 24 items adopted from the scale of Individual Work Performance Questionnaire (IWPQ) of Koopmans et al., (2012). The bundled approach was used to determine the appropriate practices of talent management which are in line with existing studies and widely accepted in the studies related to banking sector (Table 1). The talent management initiatives were operationalized with the dimensions opted from the framework of Mensah (2015). The framework includes main dimensions for talent management initiatives such as talent recruitment, managing talents and talent retention in the current study. The main dimensions were further sub divided such as selective staffing and employer branding for talent acquisition under talent recruitment. Managing talent includes training and development, performance management and compensation management. Career planning and advancement, and work-life balance are captured under talent retention of the current study which was clearly depicted in table 1. The variable was measured using 32 items extracted from the previous studies of Snell & Dean (1992, p. 471), Hillebrandt & Ivens (2012, p. 43), Greenhaus, Allen & Foley (2004), Stahl et al. (2009, p. 93), De Cieri et al. (2005, p. 95) and Hayman (2005, p. 89). The current study adopted “bundle” approach for selecting talent management practices as most of the

researchers have derived the practices from prior studies following the same way (Becker & Huselid 1998; Bakar 2013).

Methods

The study was positioned with objectivism based on the ontological view. As the context of present study facilitates the causal relationships (Saunders et al., 2009), it is in line with positivistic approach under epistemological orientation. Accordingly, quantitative method was adopted under deductive approach to test the theoretical relationships in the research model. In consideration of the research questions of the study, it was classified as the explanatory research in nature which attempts to establish causal relationship (Bryman & Bell, 2007) between talent management and employee performance.

Survey strategy was adopted of which self-administered online questionnaire was determined as the measurement instrument to collect data. The sample of 245 was selected using simple random sampling from a known sample frame of 650 talented bankers in 17 LCBs of Sri Lanka. There were limited number of talented/outstanding employees despite of the total headcount in each bank, thus both managerial/non managerial talented employees were selected into the sample as to carry out a meaningful and representative study within banking context. The pre-tested questionnaire was sent to 380 selected talented bankers. List of emails were obtained from the HR department of banks' head offices. Ethical considerations were taken into the attention in contacting and collecting sensitive information from responded banks and employees with proper channel of approvals and consents. Three kind reminders were sent to encourage the responses and resulted 245 total usable responses with a considerable response rate of 64.5%.

Data Analysis

The study applied Structured Equation Modeling (SEM) as it has greater accuracy over other methods (Gelens et al., 2013). SEM is used to test causal relationships between constructs and simultaneously measures number of variables and their interrelationships (Hoe, 2008) which was well fit with the relationships of the present study. Further it is comprised with factor and path analyses resulting multiple analyses of the casual relationships with different forms of reliability and validity. IBM AMOS (Analysis of Moment Structures) was used to perform SEM in the present study whereas it provided unique user friendly graphical interface with drag-and-drop drawing tools. It enhanced the view of visual framework of SEM as "natural mode of thought" (Steiger, 2001, p.333).

Measurement Model

In the measurement model purification, some of the items of the model were deleted due to lower factor loadings (0.5>) and to improve the model fit indices. It is recommended by Hair et al., (2010) assessment of overall fit of measurement model should be reported by using at

least one absolute fit index and one incremental index apart of the values of Chi-square and Degrees of Freedom. Thus, the current study has opted RMSEA and RMR as the absolute fit indices and CFI and TLI as the incremental fit indices. Accordingly, the results of measurement model was well fit with the cut off values, CMIN/DF = 2.376, CFI = 0.929, TLI = 0.934, RMSEA = 0.065, RMR = 0.048 and model was significant at $p = 0.000$ ($p < 0.001$). Prior to moving into path analysis, the multiple modes of validity and reliability was assessed.

Validity

The content validity was ensured with a careful assessment of the scale items (adopted from previous studies). A pre-test was conducted with the expert opinions of two academic scholars from two universities of Sri Lanka as well as a pilot test was carried for 30 respondents of banks. However relying on content validity is not sufficient as it is “common sense of interpretation of scores of scale” (Malhorta & Birks, 2007, p.358), thus construct validity was assessed. Construct validity includes convergent validity and discriminant validity (Hair et al., 2010). The results of the measurement model confirmed convergent validity with the higher factor loadings (above 0.5) (Hair et al., 2014) and the values derived for Average Variance Extracted (AVE) were 0.5 or above as presented in Table 2. Discriminant validity was assessed by comparing the square of the correlation estimates of each constructs with AVE values (Hair et al., 2014). Evidence of divergent validity was provided in the Table 3. The square of correlation estimates was lower than AVE values ($AVE > r^2$) confirmed the discriminant validity of the data.

Table 2 – Validity and Reliability of Constructs

Variable	Num. of items	Factor Loading >.5 Min-Max	CR >.7	AVE >.5	Cronbatch Alpha
Exogenous Variable: TM	32	0.551 – 0.955	0.961	0.695	0.853
Endogenous Variable: EMP	24	0.524 – 0.869	0.949	0.596	0.848

Source: Survey data (2018)

Table 3 - Assessment of Discriminant Validity

	TM	EMP
TM	0.634	
EMP	0.236	0.576

Source: Survey data (2018)

Note: Diagonal entries (in bold) are the AVE values and sub-diagonal entries are the square of latent constructs' correlation coefficients

Table 3 – KMO and Bartlett's Test of Sphericity

Construct	Number of items	KMO	Bartlett's Test of Sphericity
		>.5	P< .05
EMP	24	0.815	.000
TM	32	0.853	.000

Source: Survey data (2018)

With reference to the Table 3, the values of KMO were above the cutoff point of 0.5 which indicates a good range of sample adequacy and the values of constructs were significant as per the Bartlett's test of Sphericity.

Structural Model

The structural model defines the causal relationships between latent (unobserved) constructs specifying the direct or indirect influences of latent constructs (Byrne, 2010). In the this study, the structural model was comprised with three main constructs as shown in the Figure 2. Prior to hypotheses testing, the overall fit of the model was assessed using the same indices as used in the measurement model. The results of structural model was well fit with the cut off values, CMIN/DF = 2.358, CFI = 0.931, TLI = 0.938, RMSEA = 0.059, RMR = 0.044 and model was significant at $p = 0.000$ ($p < 0.001$).

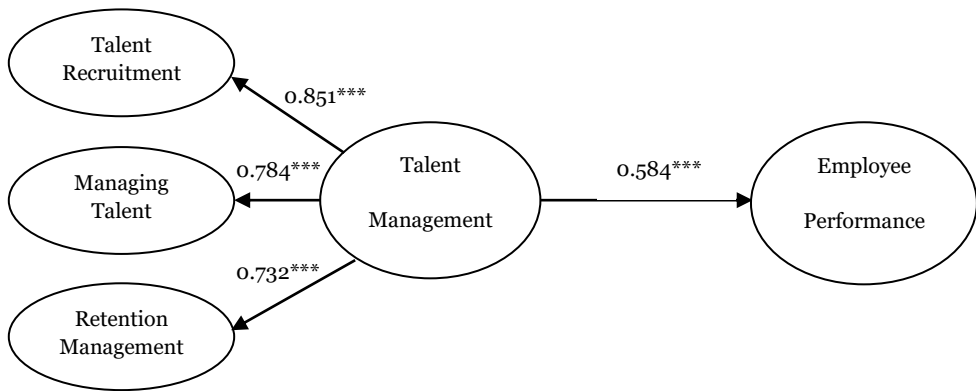


Figure 2 - Results of the Path Analysis *p < 0.001**

Source: Survey data (2018)

As the estimation results shown in Figure 2 from AMOS software, all paths among constructs were positive and significant at 0.001 level. Based on the results, hypotheses were tested and presented in Table 3.

Analysis on dimensional impact on perceived employee performance

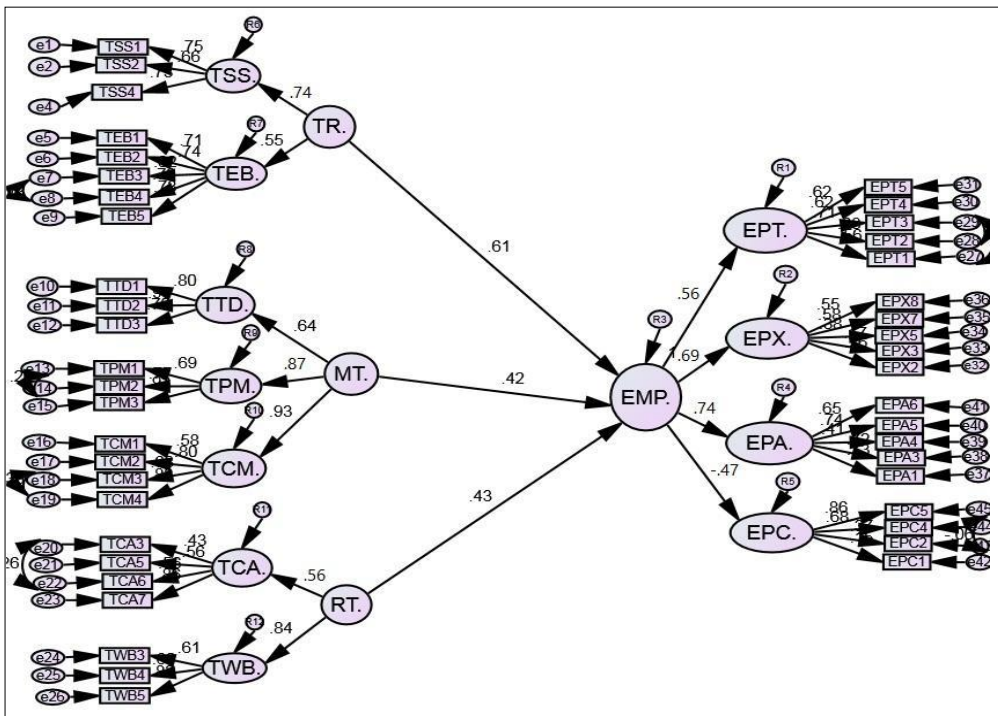


Figure 3 – Model testing dimensions of TM on Perceived Employee Performance

Source: Survey data (2018)

Table 4- Regression Weights

	Estimate	S.E	C.R	P	Label	Standardized Regression Weight
EMP<---TR	0.897	0.116	7.773	***	par_48	0.605
EMP<---MT	0.257	0.052	4.924	***	par_49	0.421
EMP<---RT	0.153	0.028	5.374	***	par_50	0.433

Source: Survey data (2018)

Note: *EMP-TR has the highest regression weight (0.605)

Hypotheses Testing

Based on the results of standardized path coefficients and corresponding significance levels, the hypotheses of the study were tested accordingly.

Path	Hypothesis	β	p***	Result
TM → EMP	H₁: The talent management initiatives has an impact on perceived employee performance	0.584	.000	Accepted
TR → EMP	H₂: Talent recruitment has an impact on perceived employee performance	0.605	.000	Accepted
MT → EMP	H₃: Managing talent has an impact on perceived employee performance	0.421	.000	Accepted
RT → EMP	H₄: Talent retention has an impact on perceived employee performance	0.433	.000	Accepted

Source: Survey data (2018)

Note: *** p < 0.05

Discussion

The conceptual framework has been developed to study the impact of talent management initiatives over perceived employee performance. The results of statistical analysis show that

talent management initiatives which mainly comprised with talent attraction, managing talent and talent retention have positively and significantly influence perceived performance of talented bankers of Sri Lanka. Specifically talent management initiatives enhance the abilities, motivation and create career advancement opportunities to utilize their skills at work for improving performance. However it can be challenged that no guaranteed of past superior performance will continue with the same momentum at working environment. This calls a need of structured program for talent management including both soft (i.e regular trainings) and hard (i.e performance appraisals on challenging goals) aspects (Trust et al., 1997). The current study included “bundled talent management practices” (selective staffing, employer branding for talent acquisition, training and development, performance management, compensation management, career advancement and planning and work life balance) which were comprised to the term of talent management initiatives as a strategic approach for recruiting, managing and retaining the best performers at work. Thus the finding is consistent with the rational of Ability-Motivation-Opportunity (AMO) theory on the base of performance lies on collective actions which enhances ability, motivation and provided with opportunity work and grows. Further such positive and beneficial actions create conducive environment and motivation for employees to reciprocate in positive ways in accordance to Social Exchange Theory (SET) (Blau, 1964). This is result in improved performance in terms of core duties, extra role performance, adaptive performance and reduces the negative behaviours at work. In addition, it postulates employees are motivated to be engaged in their work when the work is fair and balanced of exchange. Moreover, talent recruitment was found to be most affecting dimension of talent management which comprised with selective staffing and employer branding for talent acquisition.

Thus the findings revealed talented workers feels their banks as investing time and effort on them in selection, use of branding, training and development, managing performance, compensation, providing career growth opportunities and work life balance which could be responded with increased motivation, sense of engagement at work ultimately leading to improve their performance. The willingness to payback with enhanced performance may not be translated into actual performance if organisation systems, cultures and level of flexibility do not integrated with talent management programs.

Theoretical and practical contribution of the research

The findings of the current research are of interest to both practitioners and scholars. The context advocates to gaining the desired effects, such as improved employee performance, engagement as it is crucial for organisations to carefully invest in talent management initiatives. This is consistent with the human capital theory (Becker, 1964) which exerts the expenditure incurred on the development and retention of talent should be viewed as investments on behalf of the firm (Sparrow et al., 2014). Moreover it enables managers/ decision makers in firms to pay more attention to recruitment, management and retention

practices of talent management shedding a light on problematic areas which are not concerned as problematic by organisations but are viewed as such by talented employees (eg: competitiveness of compensation package, opportunities for career advancement, firm's brand as employer, work-life balance). To illustrate one of the facts, employer branding is used by organisation to attract and retain the best talent within and it is of concern by the high potential employees to remain in the organisation and grow further (Glen, 2006; Iles et al., 2010). In addition, there are jobs in organisations that are considered and perceived to be more crucial and reflected through a higher perceived status and salary employed by talented individuals those who can exert multiple and complicated responsibilities at work (Ulrich & Smallwood, 2012). Transparency in the process of talent management and development is another vital concern as many of them are subject to bias and narrow down by the values and culture of organisations (Sparrow et al., 2014).

Talented employees are more sensitive towards the concerns that affect to their career, hence allocating investments on correct blend of talent management initiatives is essential to be concerned. Strategic integration of talent management initiatives should be directed to realise organisational objectives and directions which also might lead to gain sustainable competitive advantage through development of unique talent base. In this endeavour, the economic value of such talent management initiatives (utility theory) should also be examined by the practitioners. In the service nature of banking sector, customers are highly connected to the employees in banks in fulfilling their financial needs. Therefore the retention practices as career advancement and planning and work life balance were recognized in the study context which is deemed important to concern by the practitioners apart of the efforts of talent attraction and development.

Limitations and future research

The present study is comprised with few limitations. Mainly, the data for the study was collected from 245 managerial and non managerial talented employees drawn from specific talent pools of 17 licensed commercial banks (LCB) in Sri Lanka. Therefore, the findings of this study may not be generalized to all Sri Lankan organisations other than banking sector. Further, the constructs measures of the study were collected at one point in time and via one method (survey strategy) of which multiple methods can be used to gain more insights to the context. Further a longitudinal study can be suggested to test "before and after" implementation of talent management practices to observe the real impact on perceived employee performance. The results of the study revealed positive effects of all the causal relationships considered in the research context. It is also possible to test the negative effects of talent management which may really not improve the performance of high potential employees rather increasing a stress and work pressure. Finally, in order to increase the generalisability of the findings, the study context can be expanded to financial sector or other

sectors within local boundaries as well as Asian context to examine the talent management across different industries, cultures and organisational values.

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