Investigating the influence of Talent Management Strategy on Organizational Change:

Examining the mediating effect of Organizational Innovation

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Abstract

Overview: *This study investigated the influence of Talent Management Strategy (TMS) on Organizational Change (OC) in Jordan commercial banks. This study also examined the mediating effect of Organizational Innovation (OI).*

Nature approach and philosophy: *This study was purely quantitative and cross-sectional by using the positivist philosophy and deductive approach.*

Data collection: *Data sought by close-ended questionnaire using simple random sampling technique.*

Population sample and sampling technique: *A sum of 350 instruments delivered to Managers and Assistant Managers, who were working in 16 commercial banks based in Amman, Jordan, out of that 247 instruments considered fit for making data analysis and interpretation.*

Analysis & interpretation: *Descriptive data analyzed by SPSS and model verified through PLS-SEM.*

Conclusions: *TMS comprised of Talent Acquisition (TA), Performance & Evaluation (P&E) and Talent Retention (TR). All direct relationships tested positive and significant except TA with OC and P&E with OC. Further, this study also approved mediating effect between OI, TMS and OC.*

Keywords: Talent Management Strategy, Talent Acquisition, Performance & Evaluation, Talent Retention, Organizational Change and Organizational Innovation.

Introduction

Commercial banks are confronted with various challenges in maintaining competitive business environment (Hakro, Siddiqui & Banbhan, 2022). Effective Talent Management Strategy (TMS) is crucial for the organizational success (Al Hussaini et al., 2019). It entails Talent Acquisition (TA), Performance & Evaluation (P&E) and Talent Retention (TR). TMS augments satisfaction and commitment among employees which eventually increases organizational performance (Gilal, Hakro, Banbhan & Gilal, 2022). TA covers the aspects of recruitment & selection, P&E covers the aspects of standard performance and actual performance and it determines deviation between both. It suggests management to devise strategy for variety of training programs for various jobs particularly to target those who cannot perform well. Finally, to keep talent intact in the organization for long run through TR (Pruis, 2011).

Significance

This study keeps high importance in terms of research theme and organizational context. Therefore, it is undertaken to investigate the influence of TMS on OC. However, mediating effect between OI, TMS and OC also examined through this study.

Problem statement

There is no evidence available that can witness the relationship between TMS and OC in Jordanian Commercial Banks. Therefore, it is taken into consideration that this study places paramount importance because of disclosing the undiscovered relationship between TMS and OC. However, this study will leave footsteps for future researchers to carry out research where improvements would be needed yet.

Research gap

There are various studies available on the Talent Management (TM) which disclosed the relationship between TM and Employee Performance (EP) or Organizational Performance (OP). Despite, no any

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specific study is discovered that can reveal the relationship on TMS and OC (Hakro, Siddiqui & Banbhan, 2022). However, OI is used as a mediator to test the relationship with TMS and OC, which is landmark accomplishment of this study.

Aim & objectives of the study

The entire study was based on single aim and multiple objectives which were attained by developing hypotheses. The study investigated the influence of TMS on OC and OI. However, this broad aim was broken down into seven objectives which are given below.

1.   To explore the influence of TA on OC.
2.   To explore the influence of TA on OI.
3.   To explore the influence of P&E on OC.
4.   To explore the influence of P&E on OI.
5.   To explore the influence of TR on OC.
6.   To explore the influence of TR on OI.
7.   To explore the influence of OI on TMS and OC.

Literature Review

Organizational Change (OC)

OC refers to the alteration in existing working methods, operations, and plans which affect the entire organization (Shin et al., 2012). OC is adopted by management to increase productivity and performance (Agote et al., 2016). It guides management to check standard performance with actual performance (Al Manei et al., 2018). OC is considered as the behavioral shift from one state to another state (Hakro, Hakro & Siddiqui, 2022). OC is designed and management by organization with a view to improve organizational performance which is the consequence of individual efforts (Tunio, Mahesar & Hakro, 2021).

Organizational Innovation (OI)

To bring innovation in thinking style and pragmatic applications during work such as; production through team efforts, supply chain management, and quality control and management, can modify structure and processes of the organization (Irtimah & Bader, 2020). New managerial methods, marketing concepts, business strategies, and new organizational structure are all part of OI (Armbruster et al., 2008). Technology plays vital role in all organizational functions and processes (Irtimah & Bader, 2020). OI is blended concept of technological innovation, market innovation and administrative innovation, when all are combined these shape OI (Irtimah & Bader, 2020).

Figure 1.1 Conceptual model

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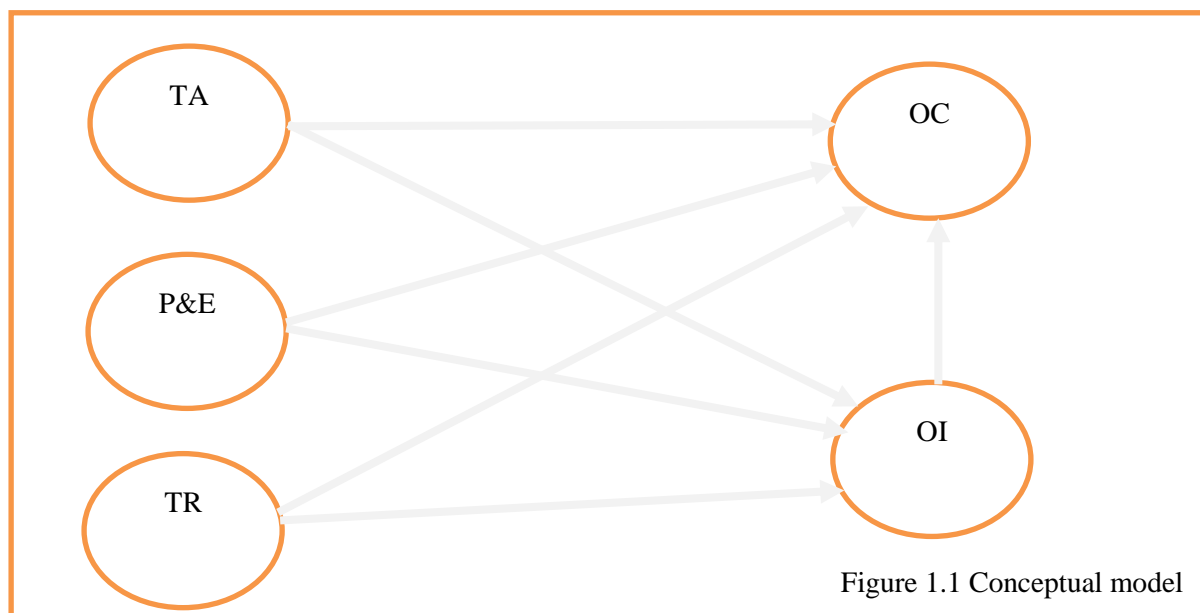
Hypotheses:

Keeping in view of the above given conceptual model. Six hypotheses were developed to test the direct relationships between independent variable and dependent variables. However, one hypothesis developed to test the mediating effect between OI, TMS and OC.

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H1.   TA is positively related to OC.
H2.   TA is positively related to OI.
H3.   P&E is positively related to OC.
H4.   P&E is positively related to OI.
H5.   TR is positively related to OC.
H6.   TR is positively related to OI.
H7.   OI is positively related to TMS and OC.

Research Methodology

Research methodology is the comprehensive plan to carry out pragmatic research (Zainuddin, 2012). It defines nature, approach and philosophy of research, data collection procedure, population and sample size, sampling technique adopted while targeting the total population and tools and techniques to analyze data and methods to interpret it.

Nature, approach & philosophy: This study was quantitative and cross-sectional based on deductive approach and positivist philosophy.

Data collection: Data collected from 16 commercial banks based in Amman, Jordan. However, Assistant Managers and Managers were targeted for data collection.

Population & sample: A sum of 350 close-ended questionnaires distributed, out of that 247 considered fit for data analysis and interpretation.

Sampling technique: An item of probability sampling was used for data collection i-e, simple random sampling technique.

Data analysis & interpretation: Data analyzed by SPSS and PLS-SEM. Descriptive analysis performed by SPSS and model verified by PLS-SEM.

Table 1. Cronbach's alpha

Variable(s)	Cronbach's alpha
Talent Acquisition (TA)	0.894
Performance & Evaluation (P&E)	0.839
Talent Retention (TR)	0.860
Organizational Change (OC)	0.900
Organizational Innovation (OI)	0.904

Cronbach's alpha was applied to check the reliability of the questionnaire. It showed inter-items consistency among the items measuring a given variable. Literature suggested that Cronbach's alpha is considered good at the threshold value of 0.70 and above (Hair et al., 2010). However, below that it is considered insignificant. Therefore, all variables were measured significant on account of approaching the threshold value. This is the initial test applied on the data set to determine data is reliable, clean and free from errors for further testing, analysis and interpretation.

Table 2. Demographic profile of the respondents

Characteristic	Category	Frequency	Percentage%
	Male	133	53.80
Gender	Female	114	46.20
	Less than 25 years	46	18.60
	25-32 years	60	24.30
Age group	33-40 years	62	25.10
	Over 40 years	79	32
	Bachelor	128	51.80
	Diploma	19	7.70
Education	Master	75	30.40
	PhD	25	10.10
	Manager Assistant	183	74.10
Position	Manager	64	25.90
	1-5 years	88	35.60
work experience	6-10 years	47	19.10
	Over than 10years	112	45.30
	Total	**247**	**100**

This is the demographic profile of the respondents in terms of gender, age group, education, position and work experience. A large number of participants were male having the percentage of 53.80, who had supplied data in the form of questionnaire. Rest were female participants. A large

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number of participants were between the age group of over 40 having the percentage of 32, who had supplied data in the form of questionnaire. Rest were bearing other age groups. A large number of participants were holding bachelor degree having the percentage of 51.80, who had supplied data in the form of questionnaire. Rest were bearing other qualifications. A large number of participants were Assistant Managers having the percentage of 74.10, who had supplied data in the form of questionnaire. Rest were Managers. A large number of participants were having over the 10 year work experiences having the percentage of 45.30, who had supplied data in the form of questionnaire. Rest were bearing other categories of work experiences.

Table 3. Construct reliability and validity with r square values

Variable(s)	CBA	CR	AVE	R square
TA	0.895	0.935	0.827	0.000
P&E	0.867	0.919	0.790	0.000
TR	0.857	0.913	0.779	0.000
OC	0.888	0.918	0.692	0.759
OI	0.907	0.935	0.781	0.802

This is the result of all variable(s) in terms of Cronbach's alpha (CBA), Composite Reliability (CR), Average Variance Extracted (AVE) and R square. CBA and CR were considered good at the threshold value of 0.70 and above (Nunnally & Bernstein, 1994). Therefore, both were measured above the threshold value for all the variables. AVE was considered good at the threshold value of 0.50 and above (Fornell & Larcker, 1981). Therefore, all the variables were measured above the threshold value. R square described change that is the consequence of independent variable on the dependent variable (Hair et al., 2010).

Table 4. Factor analysis through factor loading

Variable(s)	TA	P&E	TR	OC	OI
TA-1	0.889				
TA-2	0.920				
TA-3	0.919				
P&E-1		0.824			
P&E-2		0.922			
P&E-3		0.898			
TR-1			0.902		
TR-2			0.894		
TR-3			0.870		
OC-1				0.800	
OC-2				0.863	
OC-3				0.824	
OC-4				0.844	
OC-5				0.826	
OI-1					0.874
OI-2					0.892
OI-3					0.897
OI-4					0.873

Factor loading indicated that all the items were loaded in its own family with requisite threshold value which is 0.70 and above (Hair et al., 2010). Therefore, such items deleted which could not attained threshold value and remaining items considered fit for further analysis. It is also known as item-variable correlation.

Table 4. Discriminant validity

Variable(s)	TA	P&E	TR	OC	OI
TA	**0.909**				
P&E	0.845	**0.909**			
TR	0.834	0.882	**0.884**		
OC	0.000	0.000	0.000	**0.832**	
OI	0.000	0.000	0.000	0.859	**0.884**

Discriminant validity indicated the highest correlation value of each variable on its own in comparison to others, which meant they were operationalized correctly and each was having distinct identity in comparison to others (Fornell & Larcker, 1981).

Table 5. Path coefficient(s)

Path coefficient(s)	P-Value	Standard Error	T-Statistics	Significant/Insignificant
TA=>OC	**0.350**	**0.075**	**0.934**	**Insignificant**
TA=>OI	0.004	0.067	2.861	Significant
P&E=>OC	**0.616**	**0.073**	**0.501**	**Insignificant**
P&E=>OI	0.000	0.065	5.557	Significant
TR=>OC	0.029	0.097	2.189	Significant
TR=>OI	0.000	0.079	5.076	Significant

There were six path coefficient(s) which were tested through p-value, standard error and t-statistics. Each path coefficient tested positive and significant based on attaining the threshold value of t-statistics which is 1.96 and above at which relationship between two given variables tested positive and significant (Zainuddin, 2012). Hence, Talent Acquisition (TA) tested negative and insignificant in relationship with Organizational Change (OC) and Performance & Evaluation (P&E) tested negative and insignificant in relationship with Organizational Change (OC) because of lowering the threshold value of t-statistics. However, rest of the direct relationships tested positive and significant due to approaching or exceeding the threshold value of t-statistics.

| Specific indirect effects	P-Value	Standard Error	T-Statistics	Significant/Insignificant
TMS=>OC=>OI	0.000	0.067	7.806	Significant

Table 6. Specific indirect effects

There was one mediating effect found and tested between Organizational Change (OC), Talent Management Strategy (TMS) and Organizational Innovation (OI) which is also approved based on attaining the significant threshold of t-statistics. Therefore, OC is positively related to TMS and OI.

Conclusions

There were mainly three variables, seven objectives and seven hypotheses. Since, TMS was divided into three dimension such as; TA, P&E and TR. Therefore, the number of objectives and hypotheses increased. Each dimension of TMS tested direct relationship with OC and OI which became six objectives and six hypotheses. However, model showed mediating effect between OI, TMS and OC which was seventh hypothesis. Two hypotheses tested negative and insignificant based on lowering the threshold value of T-Statistics i-e, TA with OC and P&E with OC. However, rest of the hypotheses tested positive and significant based on approaching or exceeding the threshold value of T-Statistics. One hypothesis showed mediating effect between OI, TMS and OC, which was also approved by approaching or exceeding the threshold value of T-Statistics. Eventually, all seven objectives accomplished by testing the relationship between variables given in the form of hypotheses on structural model. Following is the graphical screen view of the structural model

Graphical screen view of the structural model

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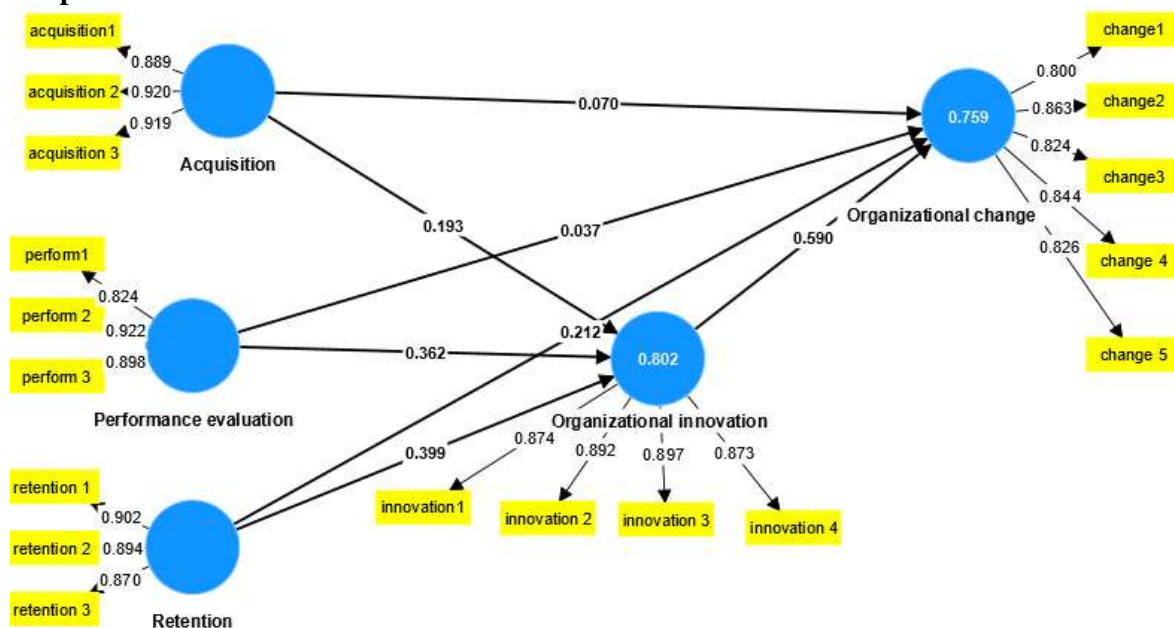
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