Talent Management and Its Effect on Organisational Efficiency: Contribution from the Malaysian Context

Nasira Banu Binti Rahim Khan
Senior Executive, Department of Risk Management, Bank Negara Malaysia, Malaysia

Dr. Raida Abu Bakar
Senior Lecturer, Department of Business Policy & Strategy, University of Malaya, Malaysia

Abstract:
The landscape of today’s human resource (HR) is most likely driven by talents rather than by organizations, hence talent management (TM) has become a crucial issue in the paradigm of human resource management (HRM). Aiming to understand how talent management contributes to organizational efficiency, this study explores four fundamental issues in talent management (TM) - attracting, selecting, developing and retaining talents, and how they impact on organizational efficiency (OE). A survey was conducted in the Klang Valley and a structured questionnaire was administered on 282 respondents from numerous disciplines in the management of various organizations. Data were analysed through structural equation modelling (SEM), and findings showed that three of the four issues – attracting, selecting, and retaining talents, have significant relationships with organizational efficiency. A significant positive relationship was also noted between employee value proposition (EVP), and organizational efficiency (OE). Finally, employee value proposition (EVP) was found to have a mediating impact on the relationship between talent management (TM), and organizational efficiency (OE). The outcome derived from this survey can enable the management team as well as the policy makers to improve on their existing management setup so as to encourage a better practice of talent management in Malaysia.

Keywords: Talent management, organizational efficiency, employee value proposition

1. Introduction
Talent management can assist organizations to deal with competency-based recruitment by creating an infrastructure for developing sustainable leadership. This can be achieved by identifying the competency gaps, and then grooming the talents to fill in the gaps. As a human resource practice, talent management pays attention to hiring the most suitable personnel by offering fair payment to the individuals and then grooming their talent until they are subsequently able to fill in the talent gaps. This practice is also good for the organizations as it offers flexibility and responsiveness as an organizational measure towards honing the talents. Such a strategic management practice has direct associations with revenue generation, customer satisfaction, service/product quality, productivity, market value, commitment, and employee loyalty (Fapohunda, 2014). Nonetheless, for an organization to attain all these benefits, the organization needs to develop a well-tailored process for attracting, developing, retaining and utilizing talents within its own organization (Kehinde, 2012). In this kind of practice, employee value proposition (EVP) tends to work best as a catalyst. Notably, employee value proposition (EVP) is the unique set of benefits which an employee receives in return for the skills, capabilities, and experience the individual brings to the organization or company (Page, 2016). Previous studies (Smith, 2011) have suggested that employees tend to be more enthusiastic, and prone to organizational commitments when their own demands are fulfilled by the organizations they work for (Smith, 2011). Based on this, there is thus, a need for organizations to develop their talent management strategies whilst also promoting employee value proposition, simultaneously. Doing so allows the organizations to stimulate organizational efficiency. Thus far, very few studies have focussed on talent management in Malaysia (Ahmad, Ma’aji, & Mahmood, 2015; Annakis, Dass, & Isa, 2014). From this perspective, it would seem viable to explore the impact of talent management on organizational efficiency under the effect of employee value proposition (EVP).

Talent management enables organizations to attract, develop and retain employees who have the capacity to increase the organizations’ strategic capabilities towards achieving organizational goals (Ahmad, Ma’aji, & Mahmood, 2015). Effective talent management can work, and organizations need to focus on specific factors, such as identifying, recruiting, selecting, developing, and retaining certain talented employees (Tajuddin, Ali, & Kamaruddin, 2015; Vaiman, Hasberger, & Vance, 2015). Although this sounds easy, the process of managing talents is also filled with critical challenges that can affect organizations (Gallardo-Gallardo, Thunnissen & Schullion, 2019). For instance, organizations face great difficulties in attracting, and retaining talented employees (Gümüş et al., 2013). Additionally, there has been a paradigm shift in the recruiting equation. The previously employer driven market has currently shifted to the employee driven market (Sahay, 2015), and with employees having a wider choice, organizations are finding it difficult to source for
talents, and to negotiate with the right person at the right time (Sahay, 2015; Tatoglu, Glaister, & Demirbag, 2016). With this kind of situation in mind, organizations need to recast their recruiting functions. While the forward-looking companies may be focusing on creating their competitive edge in talent sourcing and acquisition, they are also emphasizing on elevating the recruitment process. They are moving from one that is a transactional short-term approach to one that is long-term. So do can help such companies to optimize their investment on human resources (Sahay, 2015). In this regard, organizations face the problem of creating determination, and interest among their employees so as to achieve organizational success (Rastgoo, 2016). The organization's effort in integrating talent management within its management process is its biggest challenge. This is because implementing a proper talent management system in an organization requires significant structural changes (Fapohunda, 2014). For example, talent management may experience certain problems such as the failure to develop talent, to evaluate the human potentials of the talents, or to hold or sustain talents within the organization. Thunnissen and Gallardo-Gallardo (2017) had observed that most TM research have not focused on contextual issues. Most studies had evaluated TM strategies but not the actual implementation of TM, or the employees’ reactions to TM. This paper aims to address the gap highlighted by using the Malaysia context to represent one aspect of the Asian world, and to use its data and findings to further enrich the knowledge in TM among organizations.

In the past, a groundbreaking study of Malaysia was conducted by the Tower Watson Global Workforce which involved 1,000 employees. This groundbreaking study was conducted to examine how companies can better understand their diverse employees’ segment, and other factors influencing their employees’ performance. The same study also wanted to explore how companies can better attract, and retain engagement and productivity. The outcome of the said study indicated that employees were driven by three specific engagement drivers: 1) empowerment, 2) goals and objectives, and 3) workload and work life. These top three drivers of employee attraction, and retention, in the context of Malaysia, had been the same since 2012. This means that basic pay/salary, job security, and learning and development, were the attracting factors while basic pay/salary, career advancement opportunities, and relationship with supervisor/manager, were the retaining factors (Koh, 2015). According to the study conducted by Global Workforce Study (GWS 2014), and Talent Management and Reward Study (TM&R), Malaysia is currently facing a challenge in employee retention. Only 40 percent of the employees were consistently engaged in 2014, about 4% higher than the figure in 2012. In contrast, about 36% of the employees claimed to want to leave their organizations in 2014, as compared to 29% in 2012. This showed an increase in employees’ dissatisfaction. Around 31% of the engaged employees had wanted to leave their organizations within two years of their employment in 2014, as compared to 30% in 2012 (Koh, 2015), which is not a big difference.

Based on this explanation, it can be concluded that apart from the need to implement the talent management system, organizations are also faced with challenges in implementing the four principles of talent management - recruiting, selecting, motivating, and retaining the talented employees. To resolve these issues, the employee value proposition appears to be one of the most important factors to be considered by organizations. This is because employees would be highly motivated, and committed towards fulfilling organizational goals if their demands and satisfactions were met by their organizations. This implies that organizations can retain their employees if they practised the Employee Value Proposition carefully (CLC, 2004; MS, 2009).

A study (Ahmad et al., 2015) had further suggested that talent management has a significant positive impact on the performance of the government-linked companies in Malaysia. Another study (Annakis, Dass, & Isa, 2014) mentioned that the Malaysian education industry had observed that the talent identification, talent development, and talent management culture contributed the most towards organizational performance. A study (Kaliannan, Abraham, & Ponnusamy, 2015) examining the public and private enterprise in the Klang Valley of Malaysia asserted that talent management practice needs to focus more on resolving the gaps that exist between employers and employees. Studies, particularly those considering employee value proposition, and its relationship with talent management and organizational efficiency, in the Malaysian context, are far in between. Therefore, the current study aims to explore the impact of talent management on organizational efficiency by taking into account the employee value proposition (EVP) factor, in firms. To address this, the following research questions were proposed:

- What is the impact of talent management on firm’s organizational efficiency?
- What is the impact of talent management on employee value proposition (EVP)?
- What is the impact of employee value proposition on firm’s organizational efficiency?
- Can employee value proposition be a mediator between talent management, and organizational efficiency?

2. Significance of this Study

Talent management impacts on the basic structure of the organization (Fapohunda, 2014); it also serves as a vehicle for improving organizational performance as well as for achieving a competitive advantage. Consequently, talent management has become one of the most important factors taken into account by human resource management (HRM). Despite this, organizations are facing numerous challenges in identifying, recruiting, and selecting their talents; organizations are also facing issues in developing their employees, and in managing their talent flows. All of these affect the retention of talented employees. Therefore, organizations need to do something in order to be able to employ and retain the appropriate talents. It is important to understand how organizational choices can influence the individual employees based on their talent differentiations (Sonnenberg et al., 2014). Otherwise, the human capital of the talents may remain unexplored, or wasted especially when the organization fails to focus on the prime area of the talents’ expertise. Consequently, organizations may encounter a significant shortage of talents in the key areas (Fapohunda, 2014).
This study contributes to literature by exploring how talent management can impact on organizational efficiency. The findings can specifically show the impact of attracting, selecting, developing, and retaining talents, as an organizational efficiency strategy. The outcome will also indicate if there was any positive or negative impact. This information can provide invaluable insights on the effect of employee value proposition on the relationship existing between talent management, and organizational efficiency.

3. Talent Management(TM)

Although academicians, and practitioners agree that TM is important, there is no precise meaning for talent management. It is sometimes complemented or interchangeably used as ‘talent strategy’, ‘succession management’, or ‘human resource planning’ (Lewis & Heckman, 2006). In a general sense, talent management can be defined as a set of activities, such as identifying, recruiting, и selecting talents from the labour force of a country. The set of activities are also used to discover the key capabilities of the talent, to develop the individual's talent, to manage the talent flow, and to ensure talent retention (Kehinde, 2012; Lewis & Heckman, 2006; Sparrow, Hird, & Balain, 2011; Tarique & Schuler, 2012; Vaiman et al., 2015). Specific definitions have emerged in the human resource (HR) field. For instance, Collings and Mellahi (2009) defined TM as “activities and processes that involved the systematic identification of key positions that differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high performing incumbents who can fill these roles, followed by the development of a differentiated human resource architecture that can facilitate the filling up of these positions with competent incumbents, thereby ensuring their continued commitment to the organization ” (Collings & Mellahi, 2009, p. 304). The basic features of talents are appropriate skills, cognitive ability, knowledge, and potentials for development (Grace, 2015).

The current business world is becoming more volatile and complex, and the market to hire top talents is also getting stricter. The biggest challenge for the recruiters of such talents is to find suitable positions for the potential talents. The situation is however, aggravated by the absence of a competency-based appraisal while appointments have been noted to be insufficient. Therefore, it is challenging for an organization to navigate talents based on their brawn, brains, experiences or competencies (Sahay, 2015). Previous research has noted that if the organizations extended proper benefits to the talented employees, it becomes easier to attract as well as to retain the talents. By building an appropriate environment for developing talents, and by selecting these talents systematically, organizations can reap higher benefits. The organizations’ Talent Management practices should have a significant positive impact on Organizational Efficiency. Based on this, the hypothesis was developed as follows:

3.1. Attracting

Attracting appropriate talent is, first and foremost, an important issue in talent management. By attracting talented people, organizations can gain many competitive advantages as well as organizational efficiency (Alınaçık, Alınaçık, Erat, & Alkıçın, 2014). In contrast, the lack of talents can be a great barrier for organizational growth, and development (Rastgoo, 2016; Stratos et al., 2016). To accomplish this, organizations need to have a good understanding of their own needs. From those needs identified, these organizations can then define what they require in terms of positions, skills, and other aspects of their talents (Schichtle, 2011). Talents can only be attracted if the organizations concerned are themselves well governed such as having strong and effective policies which are aligned with their organizational goals, their succession plans, their management, and also their values (Mohamed-Alkerdawy, 2016). Based on this, it can thus be concluded that in order to gain a competitive advantage as well as efficiency over other competitors, all organizations should aim to attract talents. Based on this explanation, the following hypothesis was formulated:

- H1a. Attracting factors have a significant positive impact on Organizational Efficiency

3.2. Selecting

Organizations need to identify their own human resource talents from time to time. In this case, the management needs to utilize appropriate techniques which can enable them to discover the talented individuals within the organization (Rastgoo, 2016). For the management to be able to select suitable talents, the organization should consider some specific criteria, such as employee skills, operational programs, the promoting of talented employees, replacement and communication (Mohamed-Alkerdawy, 2016). Schichtle (2011) had proposed four major factors that an organization needs to consider when selecting employees. They encompass: the employees' initiatives, their good judgments, their loyalty, and the company’s cost efficiency in hiring these talents (Schichtle, 2011). In the same vein, Muntean (2014) had also emphasized on categorizing the talents in the selection process. Talented employees can be identified from the individual level, group level, and also organizational level. Individual talent is perceived as having certain abilities and competencies while organizational talent is perceived as abilities that are specific to the organization. This component is strongly influenced by the nature of the organizational operations. In contrast, group talent refers to the talent pool that describes a number of employees who had been identified as having those talents, and are endowed with specific characteristics. Group talent is categorized as managerial talents, key talents, nucleus talents, or even peripheral talents. Managerial talents are those with higher managerial skills as well as the ability to predict the future. Key talents represent about two to five percent of the employees only. However, they carry a major haul of the big responsibilities. Nucleus talents deal with the basic operational process, and other important operations. Peripheral talents generally refer to the subcontractors, and suppliers, who are important to the organization in the form of specific needs (Muntean, 2014). Thus, in the case of the selection process, organizations need to consider the talent category that is suitable for gaining its organizational efficiency. Based on this, the following hypothesis was formulated:
• H1b. The selecting factor has a significant positive impact on Organizational Efficiency.

3.3. Developing

Talented individuals need to be developed from time to time according to the needs of the organization. Thus, organizations need to develop an appropriate technique or system for selecting talented employees as a way to meet the changing market trends. In this regard, organizations need to focus on training, appraising employees’ performance, providing a conducive workplace, offering a sound HR plan for skills utilization as well as be able to develop and create strategies and opportunities for talent development (Mohamed-Alkerdawy, 2016). For this to happen, Hansen (2011) proposed five key initiatives, such as: 1) act as a role model, 2) reinforce the value of learning, 3) build a sustainable process to support development, 4) reinforce shared values, and 5) leverage problems as opportunities for real-world learning. These key initiatives can be applied by the management. For instance, superiors can act as a role model by influencing their subordinates to learn. The reinforcement of learning can inspire subordinates as well as motivate them to higher grounds. However, organizations need to build a sustainable process of developing these employees in order to keep this practice operational. Similarly, by reinforcing employees’ shared values, organizations can highlight every one’s responsibilities, and their importance to the organization. Finally, organizations need to make a threshold for acceptable failure, and from that failure, employees can fulfill real-world challenges while also learning about the intensity of the problems, in addition to the opportunities (Hansen, 2011). Business strategy should be at the central of all development activities of an organization (Davis et al., 2004). Overall, our discussion suggests that talent development has additional values for the succession plan of an organization. Based on this, the following hypothesis was formulated:

• H1c. The developing factor has a significant positive impact on Organizational Efficiency.

3.4. Retaining

Talent retention means not losing the talents available. In this regard, organizations should provide the employees with a suitable work place that motivates them to excel. The workplace should also be able to integrate talent with organizational goals, offering employees with support management, followed by the installation of modern and effective technology (Mohamed-Alkerdawy, 2016). When organizations make efforts to address the needs of the employees, the retention of talented employees can bring about many competitive advantages for the organization (Alnıaçık et al., 2014). Based on this, it is necessary for organizations to calculate the pros and cons of retaining their talented employees. The pros of the tenured employees are dependability, stability, organizational knowledge, higher productivity, opportunity for mentorship, and higher work engagements. In contrast, the cons involved are the employees’ lack of motivation, lack of innovation, and even complacency at work. Some organizations may resort to withholding this status quo information of their employees so as to protect the employees’ tenure (Schichtle, 2011), but this may not be a healthy practice. Our discussion above has thus shown that retaining talented employee can bring about better result for the organization. However, the organizations concerned need to take the relevant steps to overcome the challenge. Based on this, the following hypothesis was formulated:

• H1d. The retaining factor has a significant positive impact on Organizational Efficiency.

3.5. Employee Value Proposition

Competent people look around, and choose organisations that offer them the best value and employee value proposition (EVP) balances the rewards and benefits and work policy in return for employees’ contributions to the company (Heger, 2007). Therefore, EVP refers to the values or benefits that an employee obtains from the organization. Developing an effective EVP can be the employer’s key towards acquiring appropriate talents. It also motivates employees to outperform others, and to be proud as a member of the organization (MS, 2009). Some key issues have been highlighted by Bell (2005), and these were aimed at defining EVP. These key issues include remuneration, company attractiveness, respect for diversity, work-life balance, and better work opportunities (Bell, 2005). According to the Corporate Leadership Council, effective EVP provides three benefits, such as: 1) improved attractiveness, 2) greater employee commitment, and 3) compensation savings, for organizations. It appears that organizations that give higher values to their employees’ benefits can recruit better talents from the deeper pool of the labour market. Organization’s higher values also enhance employees’ commitment to the organization they work for. Thus, the EVP enjoys employees’ higher levels of engagement. In addition, effective EVP enables organizations to reduce the compensation premium which attract new candidates (CLC, 2004; MS, 2009). The prime components for the EVP, as outlined by Smith, (2011) include: wages, salaries, allowances, commissions, and profit sharing. Smith (2011) also shed some light on flexible working hours, such as sick leave, service leave, parental leave, annual leave, in addition to service allowances, relocation expenses, non-wage offerings, like housing, insurance, tuition fees, childcare expenses, wellness programs and others. Smith (2011) further added other factors, such as gifts, vacation travels, and accommodation. This showed that the EVP comprises several benefits to employees which, can in turn, create positive impacts on organizational efficiency such as enabling these organizations to attract, and retain the appropriate talents (Avinash Pawar & Kuldip S. Charak, 2015). Individuals with the most suitable skills, abilities, experiences, and values that match the organizational needs can be attracted, and doing so enables the organizations to develop more competitive advantages when compared to other organizations (Avinash Pawar & Kuldip S. Charak, 2015). This, in short, enhances organizational efficiency.
From the discussion of talent management and EVP made above, it can thus be argued that competent employees seek good values from the organizations that they work for. These values do not necessarily mean financial gains or satisfaction of self-interest only. Moreover, EVP can enable the employees to meet their own demands, and to accomplish personal satisfaction. The more the employees’ demands and satisfactions are fulfilled, the higher their motivation, loyalty and contributions to the organizations they work for. In this way, the EVP plays a role in the relationship between talent management, and organizational efficiency.

3.5.1. Organizational Efficiency

Kemal Avkiran (2014) defined organizational efficiency as gaining a competitive advantage. He argued that organizations can achieve efficiency by quickly responding to market demands. If an organization fails to maintain perfect information flow, its response towards the market would be ineffective, thus Kemal Avkiran (2014) underpinned three potential issues of organizational efficiency – awareness for effective market response, quick response to the market changes, and the ability to acquire perfect information flow (Kemal Avkiran, 2014). However, Biloslavo, Bagnoli, and Rusjan Figelj (2013) pointed out that issues such as operational efficiency, growth, and profitability should also be considered as important determinants which could be generally applied to any industrial context. They indicated that organizations should practise effective management by focusing on employees’ satisfaction through organizational values so as to preserve the employees’ interest (Biloslavo et al. 2013). In this regard, Melavic (1998) established two indicators for organizational efficiency, such as productivity and profitability (Melavic, 1998 cited in Biloslavo, et al., 2013). Clearly, organizational efficiency may depend on the members, that is, how well the employees helped the organization to reach its defined mission. An organization is only efficient if all its employees worked toward the common goal, and helped it to materialize the mission. In the case of handling the overall issues, it seems that effective organizations must develop, and implement strategic planning (Lin & Orvis, 2016). Based on the above review, it can be deduced that the importance and significance of talent management can be manifested through organizational efficiency. Consequently, this study included employee value proposition (EVP) as a variable by conceptualizing that higher organizational efficiency can be achieved if EVP is integrated within the organizational context. Figure 1 illustrates the research framework further.

![Figure 1: Research Framework](image)

4. Methodology

4.1. Survey Location and Data Collection

This study was conducted in the Klang Valley, Malaysia. Disproportionate convenient sampling techniques were adopted, following Daniel (2012) involving organisations comprised of public and private organisations of any industry. Therefore, no respondent was selectively chosen. The questionnaire was then disproportionately distributed among the employees of these organisations, with no consideration of the size of the organization, and employees. Consequently, a total of 284 sets of questionnaires were collected within a limited time, and budget (Schofield, 2006).

4.2. Instruments

Talent management was measured using a 24-item questionnaire that was developed by Mohamad and Alderdawy (2016). Four dimensions which encompassed: 1) attracting, 2) selecting, 3) developing, and 4) retaining of talents were used. Every dimension comprises of six items such as: 1) attracting – ‘Our organization attracts talent efficiently’, 2) selecting – ‘Our organization uses objective criteria to select talented candidates’, 3) developing – ‘Our organization determines training needs accurately’, 4) retaining – ‘Our organization designs a motivational plan for wages.
5. Results

5.1. Demographic Information

From the total of 284 respondents recruited for this survey, 125 (44%) were males, and 159 (56%) were females. About half (56%) of the respondents were between 26-35 years old, about 11.6% were below 25, around 22.9% were between 36-45, and the remainders were above 46 years old. Slightly more than half (58.1%) of the respondents were executives, 28.9% were managers, 8.1% were senior managers/deputy directors, 3.5% were directors, and 1.4% were director/CEO/Chairman. Their working experience also ranged, with 20.4% having less than one year, 39.1% had 2-5 years, 21.1% had 6-10 years, 8.8% had 11-15 years, and more than 10% had above 16 years of working experience.

5.2. Structural Equation Modeling

For this study, structural equation modelling, which is a multivariate statistical technique, was used to analyze the structural relationships. This was accomplished by combining factor analysis with multiple regression analysis. It was then used to analyze the structural relationship between the measured variables, and the latent constructs (Statistics-Solutions, 2017).

5.3. Total Effect

At first, the total effect of the independent variables on the dependent variable was measured so as to answer the research question (1) as well as to test hypothesis (1) (H₁a, H₁b, H₁c, and H₁d). Figure 2 and Table 3 further illustrate the process and analysis.

![Figure 2: Total Effect](image)

| Paths |    | P  | Standardized β |
|-------|----|----|----------------|
| OE → AT | 0.001 | 0.448 |
| OE → ST | 0.001 | -0.958 |
| OE → DT | 0.629 | 0.079 |
| OE → RT | 0.001 | 0.162 |

Table 3: Total Effect

Note: OE: Organizational Efficiency, AT: Attracting Talent, ST: Selecting Talent, DT: Developing Talent, and RT: Retaining Talent

From Figure 2, it can be noted that the model is a composite model that was built with the imputed data. The model does not involve the mediator in order to assess the total impact of the independent variables (attracting talent, selecting talent, developing talent, and retaining talent) on the dependent variable (Organizational Efficiency).

Table 3 highlights the results generated by the model used. Here, the CHIN/DF value was 1.58, at p <.05. The RMR value was lower (.031) than the recommended value (.05-.08). The GFI and AGFI values were .880 (the recommended value for GFI was >.8), and .850, respectively (the recommended value for AGFI was >.8) respectively. The recommended cut-off point for GFI was >.95 (Shevlin & Miles, 1998), and for AGFI, it was >.9 (Kline, 2005). However, Baumgartner and Homburg, (1996), Cheng, (2011), and Doll, Xia, and Torkzadeh (1994) mentioned that the cut-off point for AGFI at the >.8, was also acceptable. Based on this, the current study accepted >.8 for the GFI and AGFI. Further, the analysis also revealed that the CFI was .966, which was significant (the recommended value was >.90). The GFI, the AGFI, and the CFI were significant whereas the RMSEA was <.05 (.045) and the PCLOSE was >.69. The NFI at .893, and the TLI at .830, were also noted to be significant. Based on these outcomes, the model used in the current study was considered a fit model. Therefore, this model was acceptable for answering the research question (1) and the research hypothesis (1).

The total effect derived from this study suggests that attracting talent (AT) has a significant positive impact on organizational efficiency (OE). In contrast, selecting talent (ST) has a significant negative impact on organizational efficiency (OE). Developing talent was found to have no significant relationship with organizational efficiency (OE) whereas Retaining talent (RT) has a significant relationship with organizational efficiency (OE). Findings showed that three out of the four factors in talent management were influential. Attracting talent, selecting talent, and retaining talent have a significant relationship with organizational efficiency. This implies that attracting talent, and retaining talent have positive relationship whereas selecting talent had a negative relationship. On the other hand, developing talent has no
significant relationship with organizational efficiency. These findings thus explain that organizations can get higher benefits by attracting and retaining talented people. However, the effort to select the talented people may bring about a negative consequence to organizational efficiency. These findings help to answer Research question 1 - What is the impact of talent management (TM) on organizational efficiency (OE) and Hypothesis (1) - Talent Management Practices have a significant impact on Organizational Efficiency. In this study, H1 was further divided into four sub-hypotheses and answered accordingly.

| Hypothesis | Status |
|------------|--------|
| H1a. The attracting factor has a significant impact on Organizational Efficiency. | Supported |
| H1b. The selecting factor has a significant impact on Organizational Efficiency. | Supported |
| H1c. The developing factor has a significant impact on Organizational Efficiency. | Not supported |
| H1d. The retaining factor has a significant impact on the Organizational Efficiency. | Supported |

Table 4

5.4. Indirect Effect (Mediation)

The model used in this study was built with the mediator (employee value proposition) in order to assess the indirect effect of the independent variables (attracting talent, selecting talent, developing talent, and retaining talent) on the dependent variable (Organizational Efficiency). Boot strapping was then conducted to assess the indirect effect. Figure 3 illustrates.

![Figure 3: Indirect Effect](Note: EVP: Employee Value Proposition, OE: Organizational Efficiency, AT: Attracting Talent, ST: Selecting Talent, DT: Developing Talent and RT: Retaining Talent)

The model provided in Figure 3 is the composite model built with the imputed data. Here, the CHIN/DF value was 1.769, at p < .05; the RMR value was lower (.038) than the recommended value (.05 - .08); the GFI and AGFI values were noted as .845 and .812 (the recommended value for GFI was > .8 and for AGFI, it was > .8) respectively. The recommended cut-off point for GFI was > .95 (Shevlin & Miles, 1998), and for AGFI, it was > .9 (Kline, 2005). However, Baumgartner and Homburg (1996), Cheng (2011), and Doll, Xia, and Torkzadeh (1994) mentioned that the cut-off point of > .8 was also acceptable. Based on this, the current study accepted > .8 for GFI and AGFI as the cut-off point.

Analysis showed that the CFI was .938, which was significant (the recommended value was > .90). The GFI, AGFI, and the CFI fulfilled the level of significance, but the RMSEA was slightly higher than .05 (.052) while the PCLOSE was .258. In addition, the NFI was .992, and the TLI was .892, both of which were also significant. Based on the statistics, this model can be considered as a fit model. Table 5 illustrates the mediating effects.

| Mediating Effects | \( \text{Direct without Mediator (P)} \) | \( \text{Direct with Mediator (P)} \) | \( \text{Indirect (BC)} \) | Findings |
|------------------|-----------------|-----------------|-----------------|---------|
| OE \( \leftarrow \) AT | .448 (.001) | .078 (.155) | .082 (.04) | Full Mediation |
| OE \( \leftarrow \) ST | -.958 (.001) | .044 (.784) | .251 (.25) | No Mediation |
| OE \( \leftarrow \) DT | .079 (.629) | -.280 (.008) | .198 (.03) | Partial Mediation |
| OE \( \leftarrow \) RT | .162 (.001) | -.116 (.377) | .158 (.45) | No Mediation |

Table 5: Mediating Effects

P: Probability, BC: Boot Strapping

Note: EVP: Employee Value Proposition, OE: Organizational Efficiency, AT: Attracting Talent, ST: Selecting Talent, DT: Developing Talent and RT: Retaining Talent

From the statistics presented, a few deductions can be made. If the indirect effect was not significant, or if the direct effect of the IV on the mediator was not significant, or if the direct effect from the mediator to the DV was not significant, it means that there is no mediation. On the other hand, if both the direct effects were not significant, but the indirect effect was significant, it means that there was an indirect effect. If the direct effects were significant, but not the indirect effect, it means that there is partial mediation. If the indirect effect was significant, it means that there was mediation.
adding the mediator, or if the indirect effect was significant and direct, and the mediator was not significant, then there is a full mediation. If the direct and indirect effect with the mediator was significant, then it means that there is a partial mediation (Stat-Wiki, 2016b). From the path model used (see Figure 2), it can be said that the relationship between the independent variables - attracting talent (AT), selecting talent (ST), developing talent (DT), and retaining talent (RT), and the mediator (employee value proposition - EVP) can be determined. Table 6 further presents the path analysis.

| Paths                  | P    | Standardized β |
|------------------------|------|----------------|
| EVP <--- AT            | .0001| .368           |
| EVP <--- ST            | .436 | .149           |
| EVP <--- DT            | .007 | .338           |
| EVP <--- RT            | .868 | .026           |

Table 6: Path Analysis (IV and Mediator)

Findings in Table 5 help to answer Research Question (2) - What is the impact of talent management (TM) on employee value proposition (EVP) while justifying H2 - Talent Management practices have a significant positive impact on employee value proposition.

Of the four factors noted in TM, attracting talent (AT), and developing talent (DT) were noted to have a significant positive relationship with employee value proposition (EVP). In contrast, selecting talent (ST), and retaining talent (RT) were observed to have no significant relationship with employee value proposition (EVP).

5.5. Justification of Hypothesis 2

According to the results noted from the path analysis shown above, AT (Attracting Talent), and DT (Developing Talent), were noted to have a significant positive relationship with EVP (Employee Value Proposition). In contrast, ST (Selecting Talent), and RT (Retaining Talent) did not have a significant relationship with EVP. From this, it can be concluded that talent management has a partial significant impact on employee value proposition. Table 6 further emphasises on the results.

| Path                  | P    | β   |
|-----------------------|------|-----|
| OE <--- EVP           | .0001| .887|

Table 6: Path Analysis (Mediator and DV)

The results presented above help to answer Research Question (3) - What is the impact of employee value proposition on organizational efficiency (OE)? while justifying H3 - Employee Value Proposition has significant impact on Organizational Efficiency was accepted. The results shown in Table 6 indicated that there was a significant positive relationship between employee value proposition (EVP), and organizational efficiency (OE). This implies that employee value proposition (EVP) has a significant impact on organizational efficiency.

5.6. Justification of Hypothesis (3)

Since the analysis showed that (β=.887 at p<.001), this study therefore, concludes that H3 is accepted. Table 6 above, which was created based on the structural model provided in Figure 2, also indicates that Research Question (4) - What is the impact of employee value proposition on the relationship between talent management (TM) and organizational efficiency (OE)? and H4 - Employee Value Proposition mediates the relationship between Talent Management Practices and Organizational Efficiency can be answered accordingly.

The mediator, employee value proposition (EVP), was observed to have a full mediating impact on the relationship between attracting talent (AT), and organizational efficiency (OE). Nonetheless, it has no mediating effect between selecting talent (ST), and organizational efficiency (OE), and retaining talent (RT), and organizational efficiency (OE). Despite this, there was a partial mediating impact on the relationship between developing talent (DT), and organizational efficiency (OE).

5.7. Justification of Hypothesis (4)

The analysis showed that employee value proposition (EVP) has a significant impact on the relationship between attracting talent (AT) and organizational efficiency (OE), and developing talent (DT) and organizational efficiency (OE). However, it has no relationship between selecting talent (ST) and organizational efficiency (OE), and retaining talent (RT) and organizational efficiency (OE). Based on this, it can be concluded that overall, employee value proposition (EVP) has a partially significant mediating impact on the relationship between talent management and organizational efficiency (OE).

6. Discussions

The findings derived from this study showed that three factors of talent management (attracting talent, selecting talent, and retaining talent) have a significant relationship with organizational efficiency. In this regard, attracting talent, and retaining talent have a positive relationship whereas selecting talent has a negative relationship. On the other hand, developing talent has no significant relationship with organizational efficiency. Based on the findings, it can be deduced
that organizations can get higher benefits by attracting and retaining talented people. However, selecting the talented people negatively would affect organizational efficiency. Thus, research objective one was achieved. Attracting talent (AT), and developing talent (DT) have a significant positive relationship with employee value proposition (EVP) whereas selecting talent (ST) and retaining talent (RT) do not have a significant relationship with employee value proposition (EVP). Thus, research objective two was achieved.

This study had shown that there was a significant positive relationship between employee value proposition (EVP), and organizational efficiency (OE). This suggests that employee value proposition (EVP) has a significant impact on organizational efficiency, thus, research objective three was achieved.

Finally, employee value proposition (EVP) was found to have a full mediating impact on the relationship between attracting talent (AT) and organizational efficiency (OE); selecting talent (ST) and organizational efficiency (OE), and retaining talent (RT) and organizational efficiency (OE). Despite this being so, EPV was observed to have a partial mediating impact on the relationship between developing talent (DT), and organizational efficiency (OE). Thus, research objective 4 was achieved.

7. Suggestions for Future Research

The current business world is facing extreme challenges. To overcome these challenges, organizations can employ employees with the appropriate talents. But to do this, organizations must deeply consider, and practice the four fundamental issues of talent management. They include: attracting talent, selecting talent, developing talent, and retaining talent. It appears that employee value proposition (EVP) is an important element in this function. Therefore, extensive research needs to be carried out in every industrial segment across Malaysia so as to better understand talent management, employee value proposition, and organizational efficiency.

8. Conclusion

Modern organizations can well benefit from their existing talents by practicing proper talent management strategies. In other words, talent management can assist the organizations in competency-based recruitment, thereby creating the necessary infrastructure for developing sustainable leadership, identifying competency gaps, and filling in the gaps. Furthermore, by hiring the most suitable people through fair payments to employees, organizations can achieve flexibility. The practice of TM can be accomplished through the organization’s ability to appraise employees’ performance, and the ability to respond fast to employees’ demands, and satisfaction. Doing so will elevate the responsiveness of organization towards gaining better outputs from the employees. In this regard, organizations in Malaysia should pay serious attention to talent management while emphasising on employee value proposition so as to earn organizational efficiency as well as a competitive advantage over others.

9. References

i. Ahmad, H., Ma’aji, M. M., & Mahmood, R. (2015). Talent Management, Management of Change and Firm Performance: An Exploratory Study on Government Link Companies (GLCs) in Malaysia European Journal of Business and Social Sciences, 3(12), 60-80.

ii. Al Ariss, A., Cascio, W. F., & Paauwe, J. (2014). Talent management: Current theories and future research directions. Journal of World Business, 49(2), 173-179.

iii. Bell, A. N. (2005). The employee value proposition redefined. Strategic HR Review, 4(4), 3-3.

iv. Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. Human Resource Management Review, 19(4), 304-313.

v. Cheng, S.-I. (2011). Comparisons of Competing Models between Attitudinal Loyalty and Behavioural Loyalty. International Journal of Business and Social Science, 2(10), 149-166.

vi. Fapohunda, T. M. (2014). Increasing Organizational Effectiveness through Better Talent Management Journal of Human Resource, 2 1-14.

vii. Gümüş, S., Apak, S., Gümüş, H. G., & Kurban, Z. (2013). An Application in Human Resources Management for Meeting Differentiation and Innovativeness Requirements of Business: Talent Management. Procedia - Social and Behavioural Sciences, 99, 794-808.

viii. Hooper, D., Coughlan, J., & Mullen, M. (2008). Structural Equation Modelling: Guidelines for Determining Model Fit. Electronic Journal of Business Research Methods, 6(1), 53-60.

ix. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). Multivariate Data Analysis: Prentice Hall.

x. Kehinde, J. S. (2012). Talent Management: Effect on Organizational Performance. Journal of Management Research, 4(2).

xi. Kemal Avkiran, N. (2014). Probing organizational efficiency. International Journal of Organizational Analysis, 22(2), 149-160.

xii. Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. Human Resource Management Review, 16, 139-154.

xiii. Miner, J. B. (1973). Management consulting firm as a source of high-level managerial talent. Academy of Management Journal, 16(2), 253-264.

xiv. Mohamed-Alkerdawy, M. A. (2016). The Relationship between Human Resource Management Ambidexterity and Talent Management: The Moderating Role of Electronic Human Resource Management International Business Research, 9(6), 80-94.
xv. Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2003). Common Method Biases in Behavioural Research: A Critical Review of the Literature and Recommended Remedies. *Journal of Applied Psychology, 88*(5), 879–903.

xvi. Rastgoo, P. (2016). The Relationship of Talent Management and Organizational Development with Job Motivation of Employees. *Acta Universitatis Agriculturae Et Silviculturae Mendelianae Brunensis, 64*(77), 653-662.

xvii. Sahay, P. (2015). The complexity of recruiting. *Strategic HR Review, 14*(5), 182-187.

xviii. Sonnenberg, M., van Zijnderveld, V., & Brinks, M. (2014). The role of talent-perception incongruence in effective talent management. *Journal of World Business, 49*(2), 272-280.

xix. Tajuddin, D., Ali, R., & Kamaruddin, B. H. (2015). Developing Talent Management Crisis Model for Quality Life of Bank Employees in Malaysia. *Procedia - Social and Behavioural Sciences, 201*, 80-84.

xx. Tatoglu, E., Glaister, A. J., & Demirbag, M. (2016). Talent management motives and practices in an emerging market: A comparison between MNEs and local firms. *Journal of World Business, 51*(2), 278-293.

xxi. Vaiman, V., Haslberger, A., & Vance, C. M. (2015). Recognizing the important role of self-initiated expatriates in effective global talent management. *Human Resource Management Review, 25*(3), 280-286.