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TALENT IDENTIFICATION, PERCEIVED ORGANIZATIONAL
SUPPORT AND EMPLOYEE ENGAGEMENT: EVIDENCE FROM
MALAYSIAN GLCS

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Abstract

The implementation of talent management practices is highly important for Malaysian government-linked companies (GLCs) to achieve success, gain competitive advantages and successfully retain talents in the organization. These can be achieved by providing ample support and creating positive outcome on the engagement of employees at the workplace. This study provides better understandings for practitioners and academicians on the concept of talent identification, perceived organizational support and employee engagement. The objective of analysis is to uncover the mediating role of perceived organizational support in the relationship between talent identification and employee engagement. The findings of the study indicated that all the hypotheses are supported. The contributions of the research will give significant theoretical and practical impacts in the management of talent resources in the company. Findings from the study proved that talent identification is important and significant in engaging and retaining essential talents in Malaysian GLCs in order to succeed in the dynamic and highly competitive business world.

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1. Introduction

Government-linked companies (GLCs) played pivotal parts in influencing Malaysian economy especially in the corporate business sector. To strive for success in today's challenging business world, Malaysian GLCs need to have potential talents to add value to the organization. Talents are essentially defined as employees who are highly competent in their job; they are enthusiastic about their work, fully engaged in fulfilling their roles and continuously strive to deliver the performance standards. These employees are regarded as an important resources for organizations in gaining competitive advantages. Employees who are engaged with their job demonstrate high level of energy and dedication in the workplace (Bakker & Leiter, 2010). According to Tritch (2003), engaged workers are highly devoted, passionate and fully immersed their job. They exhibit positive behaviors and strong determination to contribute towards the success of the organization. Employee engagement, being one of the product of talent management practices, is an essential focus for companies since it can promote retention of talents in the organization (Bhatnagar, 2007; Glen, 2006). In Malaysia, the studies on the implementation of talent management practices, including talent identification, is still at infancy stage. It is deemed important to investigate whether the key factor involved is able to foster employee engagement at the workplace through perceived organization support in the context of Malaysian GLCs' employees.

1.1. Talent Identification

Identifying talents to fill up the organization's talent pool can be done either through internal recruitment within the existing workforce (Tabassum, 2011) or through external hiring from job market. These systematic processes involved key positions in the company that contribute towards its sustainable advantage (Davies & Davies, 2010). According to Chandra (2009), candidate recruitment under the talent identification process must be based on a set of clear criteria such as level of knowledge on specific areas, practical and theoretical skills, problem solving abilities and other attributes needed by the organization. Talents are crucial for an organization and talent shortage will lead to disadvantages in maintaining the company's performance. Continuous identification of potential talent helps in maintaining company's productivity level and competitive edge against its rivals in the industry (Jyoti & Rani, 2014).

Apart from continuous hiring of knowledgeable and skillful people from the job market, it is a good practice for a company to identify of potential talents within the organization. Not only this will maintain high level of motivation at the workplace, it can reduce the need to hire expensive talents from outside. Employees feel that they are being supported by the organization in terms of better career opportunities and growth once identified under talent pool program. The supports provided by the organization such as development program, better benefits and access to resources related to the job can effectively increase the engagement's level, promote job satisfaction and create a sense of loyalty to the company. According to Tan (2008), internal promotions are perceived as strong recognition on employees' potential which further reduce the turnover intention.

The process of talent identification can be initiated during the recruitment and hiring activities, i.e. through job designing process and assigning the right personnel with sufficient capacity to do the right job. Effective job matching is viewed as a proactive step taken by the company to ensure that the job will meet the employee's expectations in terms of exciting work scopes, stimulating workplace environment and

fitting level of autonomy. Findings by Hosain and Hossen (2017) also identified strong connections between POS and recruitment and selection.

1.2. Employee Engagement

Employee engagement can considerably affect company's productivity and talent retention. Engaged talents feel empowered, they can develop strategies, make decisions and use their creativity to solve the given tasks; these employees are committed to their job, loyal and potentially more productive. They carry positive attitudes in themselves, work closely with the others and are alert about the business context (Theuri, 2017).

Job engagement can be associated with the inherent desire to make a valuable contribution at the workplace (Medlin & Green, 2009) and according to Blessing White (2006), an engaged employee feels that higher job contribution will give them greater job satisfaction. Attridge (2009) identified high level of engagement among people with positive mental health, physically healthy and better social connections. In terms of demographic profiles, senior employees and male workers show slightly higher engagement, however these are only minor differences. A study by Attridge (2009) showed that more than 10,000 employees in United Kingdom associates higher level of engagement with better job positions, opportunity for professional training and development, exposure to various working environment as well as pleasant working experience (in absence of accidents, harassment or trauma). Conversely, low level of engagement observed among employees who are experiencing workaholism and job burnout; they felt physically and emotionally exhausted in performing their job, lost their energy and passion, and can no longer have positive expectation on the outcome of their work (Attridge, 2009).

According to Schaufeli et al. (2002), employee engagement can be described as a positive and satisfying state of mind at the workplace, which is further characterized into 3 elements – vigor, dedication and absorption. The first element, vigor, is described as energetic and having psychological resilience while performing job, eager to put effort into the job and remain determined when facing challenges (Schaufeli et al., 2002). The second element is dedication, which can be described as being involved with the work wholeheartedly and feeling the sense of importance, eagerness, encouragement, pride and achievement, dedicated employees are motivated to work harder and push their performance envelope to the maximum (Schaufeli et al., 2002). The final element is absorption; it is described as being fully immersed, giving full concentration and positively engrossed while performing one's job, and when employees are totally absorbed by their work, it is hard to distract or disengage them from the job (Abu Bakar, 2013).

1.3. POS as a Mediating Variable

POS is the workers' view and perception about the level to which the company recognized and valued their contribution and cared about their well-being (Iqbal & Hashmi, 2015). Talent management, which consists of talent identification, talent development and talent culture, refers to the supplementary human resource management programs which are specially designed and made available to the group of employees identified as high performing talents (Blass, 2007). Talent management serves as one of the valuable supports provided by the company for the talented employees which encompasses the whole employment cycle, including recruitment, development, deployment, appraisal, promotion and retention process.

POS improves employee's expectation and level of commitment to the company as well as induces the sense of moral obligation to return back the favorable treatment by contributing towards the success of the organization (Eisenberger et al., 1986; Rhoades & Eisenberger, 2002; Shore & Shore, 1995). Talented employees that perceived support from the organization will demonstrate high level of engagement in the workplace and perform their roles to deliver work objectives with full commitment. Organization that portrayed a positive culture of support produces higher number of committed employees who are motivated to do the job (Ismail, 2014). Gyekye and Salminen (2007) found employees that perceived supports from the organization to be more involved in their work and had stronger attachment to the organization.

1.4. Hypothesis Development

This study investigates the role of POS as a mediator (or intervening variable) between talent identification (independent variable) and employee engagement (dependent variable). This study intends to prove that talent identification will significantly affect POS as the mediator, and in turn positively affect the employee retention. In absence of the mediator, talent identification will also significantly affect the employee engagement. POS will have significant and unique effect on employee engagement.

The following hypotheses are generated based on literature reviews above:

H1: POS will significantly and positively mediate the relationship between Talent Identification and Vigor

H2: POS will significantly and positively mediate the relationship between Talent Identification and Dedication

H3: POS will significantly and positively mediate the relationship between Talent Identification and Absorption

2. Problem Statement

According to the State of the Global Workplace report published by Gallup in 2017, statistics have showed that only 11% of the employees in Malaysia are engaged with their work while 81% are not engaged and the remaining 8% are actively disengaged at workplace (Gallup, 2017). Disengagement will cause employees to express symptoms of withdrawal in terms of physical, cognition and emotional (Kahn, 1990). Disengaged employees are essentially "checked out" and having lack of connection with others, and according to Sweem (2009), they are putting less energy and passion towards working. According to Nik Mat (2015), when employees are disengaged, their level of commitment is low whereas dissatisfaction and turnover will be high. Understanding on the factors to improve on employee engagement provides beneficial input to supervisors and management team in order to avoid job burnouts, create favorable working environment and boost company's productivity.

Support from the company such as internal recruitment and job matching serve as part of talent identification process that are contributing to increase in perceived organizational support (POS) among employees under talent pool. POS is positively linked to higher level of commitment and satisfaction, which will in turn create loyalty. Talent that perceived support from an organization will show high level of engagement in the workplace. POS is crucial in influencing employee engagement and generating positive

outcomes such as nurturing job satisfaction, fostering employee commitment and boosting employees' productivity (Khaliq et al., 2014). Employee engagement at the workplace can significantly affect company's productivity and talent retention. Employees with high level of psychological well-being are more adaptive and flexible to changes, enthusiastic and looking forward to the positive benefits resulted from the changes (Cartwright & Cooper, 2008). Employee engagement is a vital instrument in increasing productivity at the workplace, enhancing level of motivation and reduce the attrition rates in a company.

3. Research Questions

Based on the problem statement above, a research question was developed: *Does POS mediates the relationship between talent identification and employee engagement?*

4. Purpose of the Study

Many GLCs are leading certain business sectors in Malaysia, indicated by their rapid growth, improvement in efficiency, productivity and strong business performance. Talent identification process, as part of talent management practices, has been identified as one of the potential factors that is possibly linked to the increase in the level of engagement among employees at the workplace. This study will uncover the role of POS as the mediator between talent identification and employee engagement. Employee engagement in this present study is further characterized into 3 elements – vigor, dedication and absorption.

5. Research Methods

Purposive sampling requires researcher to select a sample from specific target groups of people who have the knowledge and experience to provide desired information (Sekaran & Bougie, 2013). For instance, employees who are categorized as those under talent pool were chosen as the subjects for this study because of their direct involvement in the talent management program and capacity to provide the information required. This sampling method is also consistent with those adopted by previous studies related to Malaysian GLCs (Alias et al., 2014; Mustafa Kamil et al., 2011). Ritchie and Lewis (2003) stated that the principal objectives of purposive sampling include (i) ensuring all relevant components to the subject matter are covered, and (ii) ensuring the study criteria have some degree of diversity and variation so that all possible impact can be analyzed. In this study, members of a sample were chosen to represent a cluster of talents in an organization.

Among all Malaysian GLCs from various sectors available for the study, the researcher had narrowed down the selection to the 47 companies which are listed on Bursa Malaysia stock exchange (PCG, 2015). These companies were selected as they are more visible, representing different types of industries and they have demonstrated stellar financial and business performance. The target respondents for this study were the employees selected under talent pools at the GLCs as they can provide relevant and reliable information to the researcher in studying the relationships of talent management practices and the roles of POS in fostering employee engagement and retaining a talent at GLCs.

Self-administered survey questionnaire approach was deemed appropriate for this study and selected as the primary method for research data collection. The process for collecting data took approximately 7

months from June 2017 until December 2017. Out of the 470 questionnaires distributed among the 47 GLCs via drop-and-collect method, a total of 164 responses or 34.8% from the distributed questionnaires were successfully collected via drop and collect method as the input to the analysis of the present study. Once the questionnaire responses were collected, input data were extracted and processed using IBM SPSS version 22 and SmartPLS 3 applications. The data pertaining to all the latent variables in this study were fitted into measurement and structural models for validation purposes, from which the outputs generated were then analyzed using variance-based partial least squares (PLS) approach. The research hypotheses were modelled and tested using PLS – SEM software.

6. Findings

Preacher and Hayes (2008) indicated that the mediating effect exists when a dependent variable is implicitly manipulated by an independent variable through a mediator. The analysis of path coefficient for the indirect relationships between variables in this study as well as its mediators are discussed in the following section.

In terms of talent identification's hypothesis H1, the bootstrap resampling analysis indicated that the indirect effect $\beta = 0.179$ was significant with a t-value of 3.203 ($p < 0.01$) (two-tailed), and the 95% bootstrap confidence interval (LL=0.080, UL=0.299) did not straddle a zero value in between the lower and upper limits. The results confirmed that POS has a mediating effect on the relationship between talent identification and vigor. Therefore, H1 was supported.

For hypothesis H2, the results revealed a significant indirect effect $\beta = 0.200$ with a t-value of 3.530 ($p < 0.01$) (two-tailed), and the 95% bootstrap confidence interval (LL=0.096, UL=0.314) did not straddling a zero value in between the lower and upper limits. These outcomes confirmed that POS mediates the relationship between talent identification and dedication. Therefore, H2 was supported.

For hypothesis H3, the outcomes of the bootstrapping analysis also indicated that the indirect effect $\beta = 0.187$ was significant with a t-value of 3.588 ($p < 0.01$) (two-tailed). The 95% bootstrap confidence interval (LL=0.093, UL=0.294) did not straddle a zero value in between the lower and upper limits, validating the role of POS as a mediator between talent identification and absorption. Hence, H3 was also supported.

7. Conclusion

The entire research question has been addressed in this study by examining the mediating effect in between POS and employee engagement. This study offers meaningful contributions in the field of human resource management as it investigates the mediating effect of POS on the relationships between talent identification and employee engagement. The results verified that POS have significant and unique indirect effects in predicting employee engagement. Employees that perceive adequate resources from an organization are engaged in their job and perform above expectation, and they are more likely to stay with the company in the long run.

Talent identification is viewed by employees as discreet support from the company (Eisenberger et al., 1990; Eisenberger et al., 1997) to which they reciprocate by exhibiting positive attitudes and behaviors

to attain organizational goals (Coyle-Shapiro & Conway, 2005). Effective talent identification can minimize turnover in an organization since identified talents are matched with the right job, it can play a significant role in influencing company's effectiveness and productivity. According to Ismail (2014), organizations who offer job support, good working environment and effective culture will observe an increase of engagement level among its employees.

Identifying talents from the current workforce within the company and assigning them to high profile and important jobs can be seen as great support from the organization as they will feel valued and their true potential are being recognized by the company. They reciprocate back by displaying high level of energy (vigor) and enthusiasm in their work. By matching employee's capabilities with the correct job, the level of engagement can be maximized, and these motivate employees to deliver the best they can and strengthen their commitment and loyalty to the organization. Vance (2006) corroborated the results of the study by suggesting that internal recruitment from existing workforce can elevate level of engagement and commitment by matching the correct person to the correct job and providing career growth opportunities.

Identification of talents and supporting them through favorable work condition, comprehensive development plan and structured career progression lead to higher level of engagement and dedication among employees. According to Meyer and Allen (1991), employees recognized talent identification as a sign of commitment from the company towards their wellbeing, and this is positively contributing to higher level of engagement (Bakker et al., 2003). When employees perceived strong commitment and support, it will lead to positive outcomes such as loyalty, efficiency and attachment to their work (Gyekye & Salminen, 2007).

Talents at GLCs who acknowledged talent identification process as the way for the company to reward their good performance will feel that they are part of the organization and their contributions are valued. When they perceived great support from the organization, they can easily focus on the job, have a strong involvement and feeling absorbed in their work. Employees with high level of absorption at workplace are more focused, put a lot of effort and committed to the job; it is hard for them to be detached from work. These absorbed employees are attentive to details and produce high quality deliverables for the company. Employees who perceived higher levels of support will create positive outcomes for the business as they are more engaged at their job (Saks, 2006).

Identifying employees with high potentials and matching them with the correct jobs can be seen as great support from the employer on their career development which will highly motivate them at the workplace; they will have higher level of energy (vigor) and enthusiasm in performing their assigned task and strive to deliver performance exceeding company's expectations. Identification and recognition of employees' good performance and followed by rewarding them with fair compensation such as promotion and inclusion into talent pool are perceived by employees as signs that the company cares about their contributions to the organizations; they will reciprocate by dedicating themselves to their work and being loyal to the company. Identifying employee's strength and assigning them with job that matched with their interest will enable them to fully concentrate on the job, enjoy performing the assigned task and feel absorbed by their work; this will create favorable working environment which can further boost workplace productivity.

The findings from this study show strong implication of talent identification on the level of employee engagement in terms of vigor, dedication and absorption through the mediation of POS. The implementation of talent identification as part of talent management practices at Malaysian GLCs is important in improving company's performance, reducing the turnover intention among employees and sustaining the organization's competitive advantage in order to succeed in the dynamic and highly competitive business world.

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