

## ***The Mediating Effect of Employee Commitment on the Relationship between Talent Management, Reward System, and Bank Performance***

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### ABSTRACT

The purpose of this paper was to investigate the mediation effect of employee commitment on the relationship between talent management, reward system, and bank performance. The study population constituted all employees working at 8 Private Banks in Syria (Bank of Jordan- Syria, Bank AUDI, Bank of Syria and Overseas, The International Bank for Trade & Finance, Byblos Bank, Ibdaa Bank, Banque Bemo Saudi Fransi and Arab Bank). Structural Equation Modeling (SEM) was employed to test the hypothesis. A total of 270 questionnaires were distributed, and 242 questionnaires were retrieved. The measurement model testing results revealed that the model was reliable and valid. Furthermore, the structural model testing results indicated that there were statistically positive relationships between talent management and bank performance, talent management and employee commitment, and employee commitment and bank performance. Through the mediating test, the results showed that commitment did not mediate the relationship between reward system and bank performance, while commitment had mediated the relationship between talent management and bank performance. The results of the study can help the human resource management department to develop appropriate practices to manage talented employees which enhances their performance effective and commitment. This study can also help management to understand the role of the rewards system in influencing employees' commitment and performance. The banking industry could develop effective strategies and practices to manage the talent in embracing the challenges of the Industrial revolution 4.0.

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## 1 INTRODUCTION

Globalization has enabled talented employees not to limit the marketing of their skills within one region, but to look for jobs in firms across the world. As a result of this, experts are mainly worried about the possibility of intense global competition for talents, which may draw attention towards how talent is recruited, retained, developed, and managed. However, talent management is a challenge for all

organizations as they compete for the same set of talents. (Cappelli & Keller, 2014). Until 2018, Syria has not been ranked on the global talent index such as the GTCI competitive index, Syria has not shown of 119 countries published in 2018 to compete for human resources; thus Syria has not met the international standards for talent management (Global Talent Competitiveness Index, 2018). Also, the

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country did not appear within the IMD World Talent Ranking, which is comprised of 62 countries published in 2017 (IMD World Competitiveness Center, 2017).

The Syrian private banks have faced a weakness in talent management (comprised of attraction, retention, learning & development, Career management, and Performance Management), and a critical shortage of the ability to manage and develop the rewards system which might affect employees' commitment and performance (Damascus Center for Research and Studies, 2017). Performance is dependent on the proper utilization of human capital (intangible resource). Thus the importance of talent management is attracting, developing, retaining, which ensure that the banks are able to grow and perform better.

The reality of work in the private banking sector in Syria is not far from some of the problems in this context (The Syrian government's Al-Baath newspaper, 2018). This paper seeks to address the gap in the knowledge field of human resources by providing a better understanding through the empirical study of the mediating effect of employee commitment on talent management, rewards system, and organization performance in private banks in Syria.

## 2 LITERATURE REVIEW

Previous researchers have conducted studies on the relationship between talent management, rewards system and business performance (Gungor, 2011; Amoozadeh et al., 2015-; Sadri et al., 2015; Rabbi et al., 2015; Auranzeb & Sana Arz Bhutto, 2016; Maurya & Agarwal, 2018; Alansaari et al., 2019; Tash et al., 2016; Moayedi et al., 2016; Hafeez et al., 2012; Almohtaseb et al., 2020). However, researchers have left areas for future research. Hence, this study has been conducted using commitment as a mediating between talent management, the reward system, and bank performance.

### Talent Management

Talent management is a key management tool in the 21st century of human asset management as an important source for organizations to compete for its human capital. Resources such as capital, land, or real assets cannot be managed if there is no human capital (Cappelli & Keller, 2014). This is to prepare the organization for global competition and to maximize the benefits associated with the current technology boom (Elegbe, 2016).

Talent management is an act of selecting the right employees and matching them with the right job, at the right time, with a necessary competence in all levels and locations (Tarique & Schuler, 2010; Russell & Brannan, 2016). It also deals with the appropriate action to the highest sets of skills and a high level of motivation (Schuler, 2015). Meanwhile, global competition is fast, dynamic, and volatile as it is causing firms around the world to face difficult decisions and challenges in global talent management (Kimani & Waithaka, 2013). Therefore, a knowledge worker on the management of high-performing talent and potential is increasingly vital in the management of human resources. When the level of human

resource management has reached the global level, certainly every organization will use existing advantages to facilitate the recruitment process. To ensure that workers have the qualifications as recommended by the management of human resources, these organizations will undoubtedly make their own inquiries with their employees to find the necessary information (Aboramadan et al., 2020).

### Commitment

Dhar (2015) also found that talent management has a positive relationship with commitment. According to Schultz and Schultz (2015), effective hiring and selection can result in more loyal employees to the organization. Additionally, employee loyalty and commitment are crucial in determining the effectiveness of organizational hiring and selection practices (Alansaari et al., 2019). This is due to his interest in his work, specialization, and expertise in the field of work; thus, employees feel less important doing routine administrative work. Unrelated management work is considered to be unimportant and a waste of time. According to Farndale et al. (2014), administrators want a commitment to be prioritized because the organization has its own goals and not just to meet individual needs.

### Reward System

Rewards and benefits are defined as wages and salaries or annual leave as well as the facilities provided by the organization and through the field of work itself (Perkins et al., 2016). Nazir et al. (2016) found that reward factors were positively correlated with commitments. Mohammed et al., (2018) which studied 252 employees from all Palestinian commercial banks. The results found that the material (financial rewards) and social motives had no significant impact on the performance of the employees in their workplace. Also, Elumah et al. (2016) found that there was also a negative relationship between financial and moral incentives and organizational performance in Nigerian universities.

The development of reward strategies should be in line with the humanitarian planning process, especially in terms of the number or level and the type of workers required (Noe et al., 2014). Redesigning the reward system so it can measure the impact of individual performance with their talents and groups in the organization will be beneficial. By doing so, the organization can increase the motivation of employees in addition to diversifying the talents of talented employees.

### Bank Performance

Ntonga (2007) divides business performance measures into five categories, which are; financial, operational, customer satisfaction, employee satisfaction, and learning and growth. The first group, financial performance, is able to be measured with financial measures and ratios, market share price, profitability, sales, and profit growth, and cash flow. Next, productive values, quality performance, timelines, waste reduction efforts, and production amounts can be used to measure operational performance.

Customer satisfaction is measured through surveys, reviews, and product returns. Morale levels, surveys, turnover and absenteeism, career development and growth, and productivity are determined that can be used to measure employee satisfaction. Finally, learning and growth can be measured through performance appraisals, productivity, and efficiency (Yeung et al., 2006; Fuentus and Montes, 2006; Rahman, 2006).

According to Ahmed et al. (2018), a high level of commitment amongst workers is due to work-based job systems that prioritize employment and seniority systems. While achieving the target is the main agenda, the failure to achieve it is not a sign that someone has failed to show high commitment and should not be considered as unhelpful towards the organizational performance (Irefin & Mechanic, 2014).

Continually improving performance is the goal for organizational development through redesigning and restructuring an organization; this can be applied to talent management as well. Schultz (1961) first coined the term 'economics of education', which relates levels of skills and education to productivity. The methods to measure bank performance can be either internal or external, which measures outcomes or outputs, respectively, although there is not a single measure that can be used to accurately measure performance. Giving appropriate rewards to talent can help

improve motivation and at the same time, improve organizational achievement (Kuranchie-Mensah and Amponsah-Tawiah, 2016). Employees should know where and how their work performance will be assessed by superiors and what rewards will be given. The advantages and disadvantages that exist can be motivation for their upcoming advances.

### 3 METHODOLOGY

For the purpose of this study, the quantitative method was employed with the use of a survey questionnaire as the main technique of collecting data. The distribution of questionnaires was done through face to face distribution at the selected private banks in Syria. Questionnaires (270 copies) were distributed to private bank employees in the southern region in Syria with the help of the branch managers, and 242 were returned. A total of 220 questionnaires were valid for analysis.

### 4 DATA ANALYSIS

#### Measurement Model Testing

The measurement model defines the relationship between the construct and its corresponding indicators. The measurement model is tested to ensure that the model is reliable and valid before proceed to full model testing.

**Figure 1**  
Overall Corrected Measurement Model Results (Algorithm)

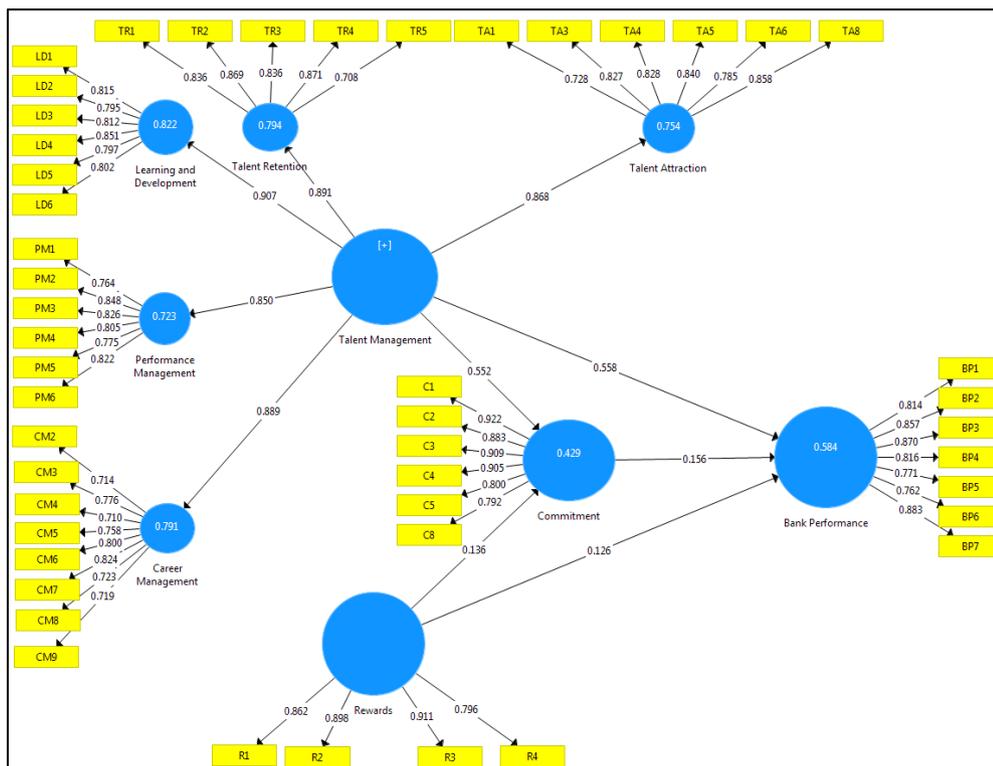
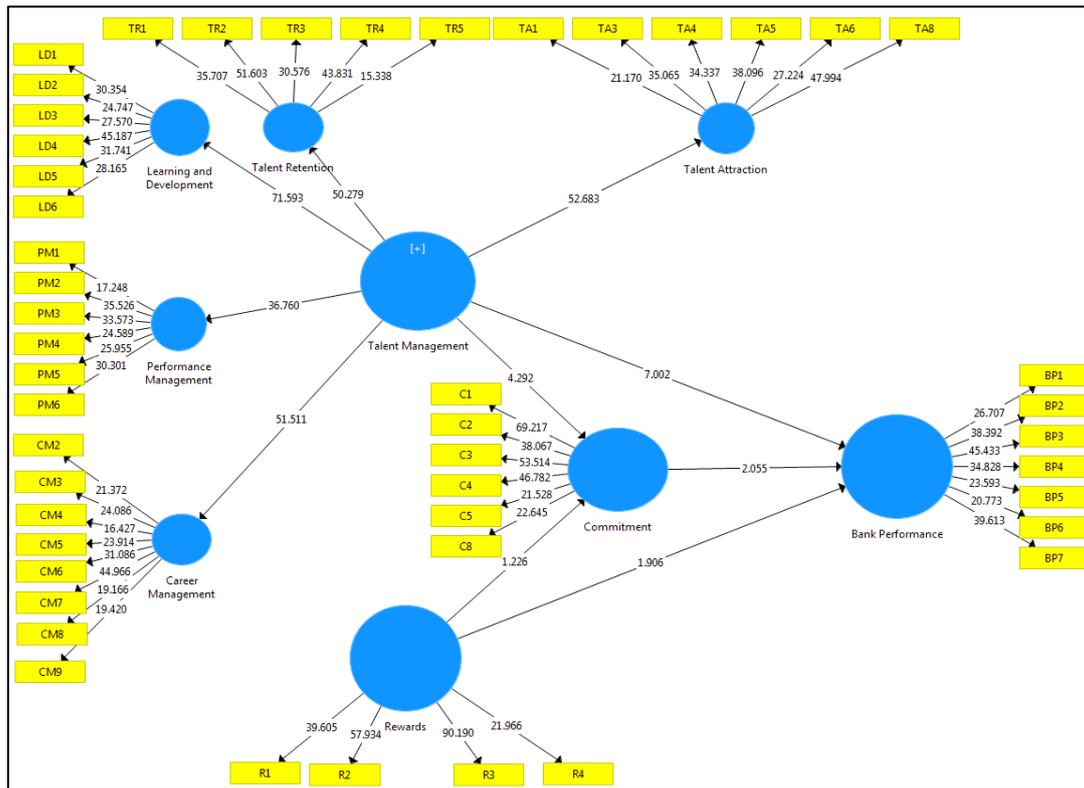


Figure 1 indicates the component in the measurement model analysis. The path model has three exogenous (independent) constructs namely talent management (TM), commitment (C), and reward (R) and one endogenous (dependent) construct namely bank performance (BP).

### Structural Model Testing

After the reliability and validity of the model were tested, the assessment of the structural model analysis was performed to examine the model's predictive capabilities and the relationship between the constructs. The structural model analysis consists of examining the structural model for the coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), size and significance of path coefficient, and  $f^2$  effect sizes (Ringle et al., 2015).

**Figure 2**  
Bootstrapping of Structural Model



The general rule for high  $R^2$  0.10 as a minimum acceptable level of sample variance (Falk and Miller, 1992; Hair et al., 2012). As shown in Table, higher  $R^2$  values for bank performance and, commitment indicates that there was a high level of sample variance for each construct.

**Table 1**  
Results of Coefficient of Determination ( $R^2$ ) and Predictive Relevance ( $Q^2$ )

Constructs	$R^2$ Value	$Q^2$ Value
Bank Performance	0.564	0.356
Commitment	0.439	0.306

According to Hair, et al., (2013)  $Q^2$  values that are more than 0 percent suggest that the model has predictive relevance for a certain endogenous construct, whereas values of 0 and below indicate a lack of predictive relevance. Thus, the  $Q^2$  resulted in providing support for the model's predictive relevance for the constructs of bank performance and, commitment.

**Table 2**  
Results of  $f^2$  Effect Sizes

Constructs	Bank Performance	Commitment
	$f^2$ effect sizes	$f^2$ effect sizes
Bank Performance		
Commitment	0.033	
Rewards	0.019	0.017
Talent Management	0.300	0.272

Following Cohen’s (1988) guideline <0.02, (value 0.02 - 0.15), (0.15 - 0.35) and >0.35 represents effect size from (no effect, small, medium and large). As shown in Table 2, the  $f^2$  effect size results indicated that commitment (0.033) had a small impact on bank performance. However, rewards (0.019) had no impact on bank performance and, (0.017) had no impact on commitment; meanwhile, talent management (0.300) had a medium impact on bank performance. Also, Talent management had a medium impact on commitment (0.272).

Table 3 shows that the results indicated that talent management and, commitment has a strong positive relationship with bank performance; meanwhile, talent management also has a strong positive relationship with commitment. However, the result shows that there is no relationship between reward and commitment, and also, there is no relationship between reward and bank performance. In addition, the commitment does not mediate the relationship between reward and bank performance while commitment mediates the relationship between talent management and bank performance.

**Table 3**  
Analysis of Path Coefficient

Construct	Original Sample (O)	(STDEV)	T statistic	P Value
TM→C	0.552	0.125	4.428	0.000
R→C	0.136	0.107	1.270	0.205
C→BP	0.156	0.075	2.087	0.037
R→BP	0.126	0.068	1.845	0.066
TM→PB	0.558	0.079	7.067	0.000
R→C→BP	0.021	0.024	0.902	0.368
TM→C→BP	0.086	0.038	2.239	0.026

Where R= Reward, TM = talent management, C= Employee Commitment, BP= Bank Performance

**5 DISCUSSION**

The study revealed that talent management and employee commitment have a significant positive correlation ( $\beta_s=.552$ ;  $t$  value = 4.428 and  $p$  values = 0.000). These results show that the correlation is significant. Therefore, the hypothesis is accepted, whereby talent management and employee commitment have a positive relationship. The result of the study reveals that there was a positive relationship between talent attraction, talent retention, talent learning and development, career management, performance management, and employee commitment. A finding of this paper is in agreement with the results of Van Dyk and Coetzee (2012) in

their study about the effect of talent management and employee commitment.

This study also attempted to investigate the effect of rewards system and employee commitment. The study found that the rewards system had a non-significant effect on employee commitment. The results of the Pearsons Correlation analysis showed that the rewards system had no significant effect on employee commitment ( $\beta_s=.136$ ;  $t$  value =.1.270 and  $p$  values = 0.205). It can be concluded that a good rewards system would not ensure high employee's commitment well due to the

stressful working environment in the banking industry. It is also noticeable that organizations such as banks are the most stressed in the industry (Ebiringa, 2011). The Syrian banking sector is also facing the same problems due to inefficient technology usage and long hours of work that may cause a lack of commitment and bank performance.

The study found that commitment had a significant effect on bank performance. The results of the Pearsons Correlation analysis showed that commitment had a significant effect on the bank performance ( $\beta_s=0.156$ ; t value =2.087 and p values = 0.037). To support this study, (Mayer et al., 2002; Khan, 2010) found a positive relationship between commitment and employee performance. While the results of the Pearsons Correlation analysis showed that the reward system had a non-significant effect on the bank performance ( $\beta_s=.126$ ; t value = 1.845 and p values = .066). These results are also associated with the results of (Al Jassasi, 2011; Awad & Awad, 2011, Mohammed et al., 2018, Elumah et al., 2016).

Talent management was tested in terms of its relationship with bank performance. The relationship was supported as ( $\beta_s=.558$ ; t value = 7.067 and P-value is 0.000). This showed that among the variables. Effective talent management practices play an important role in the motivation of the employee and resulting in higher performance.

Most organizations believe that the relationship exists between talent management and performance and carries the potential to be fruitful to both parties, the employer and employee. Most researchers in this field agree with the above mentioned in that the organization's competitive gain can be maintained by retaining talented employees and in order to measure the employee performance in term strategic and operational performance (Cardy and Lengnick-Hall, 2011; Ingram, 2016; Ntonga, 2007; Uddin, 2016).

This study introduced the mediating effect of employee commitment on the reward system and bank performance relationship, which is not supported ( $\beta_s=.021$  and p values = .368). According to Baron and Kenny, (1986), the mediator variable must meet the following conditions: There is a direct relationship between the IV and DV. There is a direct relationship between the IV and Mediating. There is a direct relationship between the Mediating and DV.

Therefore, in this study, there is no relationship between the independent variable and mediating, which is a reward system and commitment. So the mediating result showed that commitment did not mediate the relationship between reward system and bank performance. On the other hand, the mediating effect of employee commitment on talent management and bank performance has a significant relationship ( $\beta_s=.086$  and p values = .026). It can be concluded that highly committed employees and good talent management would ensure that increase bank performance.

## 6 RECOMMENDATION FOR FUTURE RESEARCH

It is recommended that this study should be duplicated in a different setting and correlate with other variables such as turnover intentions, employee motivation, employee engagement, and service delivery. Extending the model frame to various industries such as hospitality, education, and communication will improve the general applicability of the findings. On the other hand, a study should be carried out to find out and confirm whether the management styles are related to talent management in cooperation with the gender differences and if there is a relationship between working conditions, length of tenure, and gender are related to employee performance and rewards.

## CONCLUSION

It is recommended that the bank management ought to uphold learning and development practices like education need recognition; coaching and in-house development activates to improve the overall performance. Talent Management in organizations not only limited to attracting the future cream employee from the banking industry, but it is a constant procedure that involves retention, learning and development, performance management, and career management. The talent management system will measure, identify, analyze the organization's people capability through such programs, which can be designed. This is to prepare for industrial revolution 4.0, whereby a pool of talent data can be analyzed and support the organization's current and future expectations. This study will add a deep understanding of implementing a better reward system that can affect positively on employees and performance. On the other hand, the organization should work on enhancing employee commitment.

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