



The Effect of Talent Management Practices on ICT Employees' Turnover Intention

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Abstract

In the local context, the Malaysian government has emphasized on the need for skilled workforce to help the transition of all economic industries including the Information and Communication and Technology (ICT) to accelerate productivity growth among the employees. In view of this, it is important to ensure that employees working in the ICT industry can be retained. Therefore, based on the Social Exchange Theory (SET), this study is designated to examine the effect of talent management practices (TMP) which consists of talent attraction (TATT), talent development (TDEV), and talent retention (TRET) on ICT employees' turnover intention (TI). This study also applies a quantitative approach and the data were gathered through questionnaire survey from ICT employees (n=300) in Kuala Lumpur, Selangor and Pulau Pinang. The PLS-SEM has been employed to analyze the data. The findings of this study have found that talent attraction ($\beta = -0.185$, $p < 0.043$) and talent retention ($\beta = -0.255$, $p < 0.014$) were significantly related to TI. Meanwhile, talent development ($\beta = 0.202$, $p < 0.083$) was not significantly related to TI based on the findings of this study. At the end of this section, the implication of the findings has been discussed.

Keywords: Turnover Intention, Talent Management Practice, Social Exchange Theory (SET), Malaysian ICT Industry

Introduction

ICT Employees' Turnover Intention

Over the past decades-long, a large number of previous studies on turnover intention (TI) have been carried out, resulting in a wide variety of turnover interpretations. This study therefore refers TI as the estimated likelihood of a person leaving an organization at some point in the near future (Chen & Lien, 2008), which may reflects on ICT employees as the respondents. According to the previous scholars (Price & Mueller, 1981), there are two types of turnover; called the voluntary turnover and involuntary turnover. However, this study has been focused the voluntary turnover as it is more practical, achievable, and organizationally important as per discussed by the previous study (Price & Mueller, 1981). Based from the perspective of the industry, latest statistics on the level of TI was collected from the Institute of Labor Market Information and

Analysis (ILMIA) in 2017, the Ministry of Human Resources reported that the average turnover rate (where ICT employees is involved) base is 20% which 16% from the total percentage represents voluntary turnover, meaning that voluntary turnover was higher than involuntary turnover. This proves the presence of TI among the ICT employees just as in previous years; Randford Trend Report (2016) and Aon Hewitt Survey (2015).

1.1 Talent Management Practices

Previous scholars (Ashton & Morton, 2005) have mentioned that there was no consensus on single consistent or concise interpretation of TM. However, almost every definition brings the same meaning of TM which consists of three major components and that is the process to attract, develop, and retain employees. This is supported by (Silzer & Dowell, 2009) who have listed these three key components that are generally included under TM. In addition, other TM studies including (Awan & Farhan, 2016; Zhang, 2014; Thunnissen et al., 2013) have used the element of attraction, development and retention to explain TM in their research studies as well. Therefore, based on literature, this study decides to refer to (Lockwood, 2006) who defines TM as the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs.

Although not much of empirical studies have been done in the field of TM, a few studies such as (Barkhuizen & Schutte, 2017; Hussain Rana & Sattar Abbasi, 2013; Hoogervorst, 2009) have investigated the relationship of TM on employees' TI in countries such as South Africa, Pakistan, and Netherlands. These studies emphasized that TM is important for organization to help them retain employees as well as reducing employees' TI. However, to the best of researchers' knowledge there is a lack of study conducted in Malaysia to test the relationship between TM and TI even though the practice of TM is proven to be an effective tool for business strategy to not only helps organization retain talented employees but becomes a key factor in determining employees' TI in Asian countries (HR in Asia, 17 November 2016). Moreover, past research (Awan & Farhan, 2016) found TM practices (e.g. talent attraction, talent development, and talent retention) to be empirically significant to employees' job satisfaction in Pakistan's banking sector. Although the study has mentioned the influence of TM practices to TI, there is no evidence that shows it has been directly tested to one another. Therefore, this study investigated the relationship of TM practices to TI as discussed by (Awan & Farhan, 2016) that it is important to detect in a sense of which practice should be opted to minimize TI. Also, it is beneficial for employers to know which part is lacking and to help narrow down the focus of the problem as well as devising strategies of TM in order to get maximum output from employees. Therefore, there is a need to investigate the relationship between talent attraction, talent development and talent retention and ICT employees' in the Malaysian context.

H1: Talent attraction is significantly related to ICT employees' turnover intention.

H2: Talent development is significantly related to ICT employees' turnover intention.

H3: Talent retention is significantly related to ICT employees' turnover intention.

2.3 Social Exchange Theory (SET)

This study refers to Blau's Social Exchange Theory (1964) to explain the given relationships (Emerson, 1976). According to Gouldner (1960), SET is originated from the idea of norm of reciprocity which refers to a mutual contingent exchange of benefits between two or more units. By looking from the perspective of employee and organization, SET is best explained as a reciprocal win-win situation between organization-employee relationship where both parties are actually exchanging benefits whether it could be tangible or intangible. Previous study (Choi et al., 2014) demonstrated that when employees are well supported and happy with a provided and substantive environment, they will be motivated and willingly to produce good results in return. Similar principle applies in relation to this study, if ICT organization can provide a good TM to the employee, it will benefit the employee. In return, the employee will reciprocate and reduce their intention to leave the organization; and this low level of TI will mutually benefit the organization.

2.4 Research Framework

By relying on SET, figure 1 is proposed to illustrate the research framework which consisted of three independent variables (talent attraction, talent development and talent retention) and a dependent variable (turnover intention).

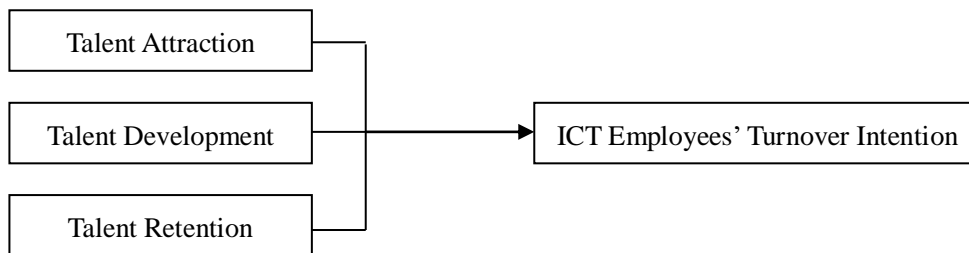


Figure 1 *Research Framework*

3. Research Methodology

This study adopts a cross-sectional quantitative approach with survey questionnaire as the main instrument for collecting the data. A purposive sampling has been employed for selecting the participants as it is useful especially when randomization is impossible due to huge population (Etikan et al., 2016).

3.1 Respondents

The sample of this study consists of 300 Malaysian ICT employees who were working at the ICT

organizations in Kuala Lumpur, Selangor, and Pulau Pinang. The majority of the respondents, 138 respondents were ages 25-30 years old, followed by 62 respondents age 31-40 years old, 61 respondents age less than 25 years old, 32 respondents age 41-50 years old and 7 of them were above 50 years old. For marital status, 157 respondents were single, 130 married, 10 divorced, and 3 respondents represent something other than what was categorized. For level of education, the majority of 165 respondents were Bachelor's Degree graduates, 68 had their Diploma, 33 had their highest education for the Malaysian Certificate of Education (SPM), 14 possess the Malaysian Higher School of Certificate (STPM), 12 were Master's Degree graduates and another 8 had other qualifications.

For ICT segmentation, 136 of respondents working in the ICT Services, 89 of them working at other segments, 28 in the Content and Media, 27 in the ICT Manufacturing and 20 in the ICT Trade. In terms of respondents' job level, 33 were at the entry level, 105 junior executives, 81 senior executives, 28 managers, 7 senior managers and another 46 holds other positions. Other than that, based on the descriptive information gathered, this study concluded that the majority of ICT employees are among junior executives age between 25-30 years old, single, and a Bachelor's Degree holder who mostly working in the ICT Services.

3.2 Measurements

In Section A, this study developed 5 questions in order to obtain data regarding the demographic background for all respondents (e.g. age, marital status, level of education, ICT segments and job level). In Section B, 6-items of data regarding respondents' perception towards their TI were adapted from (Bothma & Roodt, 2013) and has been examined by using five-point Likert scales from (1) strongly disagree to (5) strongly agree. As comparison, (Revilla et al., 2014) argued that five-point scale is better than seven-point scale due to better quality and validity of data gathered. They added that one of the benefits of smaller scale is that respondent may answer the questionnaire faster and easier. These items were widely used in previous empirical studies with the Cronbach's alpha reliability coefficient of $\alpha=0.80$. In Section C, TM will be assessed with 15-items adapted from (Plessis, 2010) HCI Assessment of Talent Practices scale. However, although the total 45-items of HCI Assessment of Talent Practices has a Cronbach's alpha of ($\alpha=0.97$), this study only selected the subscales of talent acquisition ($\alpha=0.77$), talent development ($\alpha=0.84$) and talent retention ($\alpha=0.79$) in line with what is meant by TM has been investigated in this study.

4. Results

4.1 Full Collinearity Testing

The results were analyzed by using partial least squares (PLS) modeling, the SmartPLS 3.2.9 version (Ringle et al., 2005) as the statistical tool to test the measurement and structural model. Since the data was collected using a self-reported questionnaire or being also known as a single source bias which means both the predictor and criterion variables are obtained from the same person (Podsakoff, MacKenzie, Lee & Podsakoff, 2003), it has first tested the issue of Common Method Bias by following the suggestions of Kock

and Lynn (2012), and Kock (2015) by testing the full collinearity. In this method, all the variables were regressed against a common variable and if the VIF value is ≤ 3.3 , it shows that there is no bias from the single source data. The analysis yielded VIF value less than 3.3 thus, single source bias has found to be not a problem to the collected data.

Table 1: Full Collinearity Testing

TI	TATT	TDEV	TRET
2.259	2.281	2.123	2.588

Note: TI = Turnover Intention, TATT = Talent Attraction, TDEV = Talent Development, TRET = Talent Retention

Measurement Model

To test the developed model, this study follows the suggestions of Anderson and Gerbing (1988) where 2-step approach has been employed. In step 1, the researchers have tested the measurement model to test the validity and reliability of the instruments used following the provided guidelines by Hair et al. (2019) and Ramayah et al. (2018). Next, the study run the structural model to test the developed hypotheses. For the measurement model, the loadings, average variance extracted (AVE), and the composite reliability (CR) have been assessed. The values of loadings should be ≥ 0.5 , the AVE should be ≥ 0.5 and the CR should be ≥ 0.7 . As shown in Table 2, the TI, TATT, TDEV and TRET values for their loadings are all higher than 0.5 as well as the values for their AVEs are all higher than 0.5. Also, the values of their CRs are all higher than 0.7.

Table 2: Measurement Model for All Constructs

Constructs	Items	Loadings	AVE	CR
Turnover Intention	TI1	0.717	0.562	0.864
	TI2	0.673		
	TI3	0.859		
	TI4	0.657		
	TI5	0.821		
Talent Attraction	TATT1	0.888	0.676	0.912
	TATT2	0.900		
	TATT3	0.752		
	TATT4	0.715		
	TATT5	0.840		
Talent Development	TDEV1	0.792	0.699	0.921
	TDEV2	0.856		

	TDEV3	0.859		
	TDEV4	0.855		
	TDEV5	0.815		
Talent Retention	TRET1	0.707	0.574	0.868
	TRET2	0.838		
	TRET3	0.855		
	TRET4	0.800		
	TRET5	0.543		

Note: Item TI6 was deleted due to low loading.

In step 2, this study assessed the discriminant validity using the HTMT criterion suggested by Henseler et al. (2015) and updated by Franke and Sarstedt (2019). The HTMT values should be ≤ 0.85 for the stricter criterion and the more lenient is it should be ≤ 0.90 . As shown in Table 3, the values of HTMT were all lower than the stricter criterion of ≤ 0.85 as such it can be concluded that the respondents understood that the four (4) constructs are well-defined and easily distinguishable. Taking all of these validity measures together, it has been shown that the measuring items are both valid and reliable.

Table 3: Discriminant Validity (HTMT)

	1	2	3	4
1. Talent Attraction				
2. Talent Development	0.735			
3. Turnover Intention	0.224	0.121		
4. Talent Retention	0.835	0.804	0.252	

4.2 Structural Model

As suggested by Hair et al. (2019), this study reported the path coefficients, the standard errors, t-values and p-values for the structural model using a 5,000-sample re-sample bootstrapping procedure (Ramayah et al., 2018). Not only that, based on criticism of Hahn and Ang (2017), p-values are not so good criterion for testing the significance of hypothesis, these researchers have suggested to use a combination of criterions such as p-values, confidence intervals and effect sizes. As shown in Table 4, all criterions used to test the developed hypotheses have been accordingly summarized. This study tested the effect of TATT, TDEV and TRET on TI, the results indicated that R² was 0.088 which shows that all the three (3) predictors explained 8.8% of the variance in TI. Talent attraction ($\beta = -0.185$, $p < 0.043$) and talent retention ($\beta = -0.255$, $p < 0.014$) were significantly related to TI, thus, H1 and H3 were supported in this study. Meanwhile, talent development ($\beta = 0.202$, $p < 0.083$) was not significantly related to TI, thus H2 was not supported in this study.

Table 4: Hypothesis Testing Direct Effects

Hypotheses	Relationship	Std Beta	Std Error	t-values	p-values	BCI LL	BCI UL	f ²	VIF
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H ₁	TATT → TI	-0.185	0.091	2.033	0.043	-0.359	0.001	0.017	2.281
H ₂	TDEV → TI	0.202	0.116	1.740	0.083	0.080	0.493	0.021	2.123
H ₃	TRET → TI	-0.255	0.103	2.477	0.014	-0.444	-0.025	0.028	2.588

Note: The analysis uses 95% confidence interval with bootstrapping of 5,000

5. Discussions

Theoretically, the findings of this study partially supported the research framework and shows the PLS-SEM result of TATT and TRET to be significantly related to ICT employees' TI to quit the organization. This also indicates that the greater organization's TAAT and TRET that have been practiced in an organization lead to lower level of intention to quit the organization. Although there is a lack of previous studies on TM field, the findings of this study are still being supported by several reliable sources. Similarly, this affirms Barkhuizen et al. (2015), Plessis et al. (2015) and Allen et al. (2003) findings that supported TM practices (e.g. talent attraction and talent retention) that had influenced on its employees' TI. In addition, the results supported the proposition of SET as well. When ICT organizations are able to provide successful TM, it gives benefit to the ICT employees. In exchange, ICT employees will reciprocate and reduce their desire to leave the organization. Hence, this low level of TI will return as an advantage to the organization such as saving on job replacement costs.

However, surprisingly, TDEV did not significantly relate to ICT employees' TI. The researchers opined that it may be due to the influence of an Asian culture in the workplace where they take formality to upper level management very seriously which may reduce the transparency of communication that lead to the growth of talent (e.g. talent development). Moreover, the result is parallel to the empirical result of past study by (Bui & Chang, 2018) who did not support perceived soft TM practices (e.g. talent development) to have a negative relationship with its talents' intention to leave. The study explained that it occurs because of the governments' obscure and unsuccessful implementation of TM practices in order to accelerate growth of talents' through its development. Thus, the researchers would like to suggest future studies to discuss more about talent management practice to other criterions in line with the technology that has evolved over time.

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