

Effect of Talent Management Practices on Intangible Values Creation in Commercial Banks in Rwanda

Mukundente, D¹, Mulyungi, M.P²

^{1,2}Jomo Kenyatta University of Agriculture and Technology

Abstract: *This study aimed at analyzing the level of contribution of talent management practices on intangible values creation in commercial banks in Rwanda. A descriptive research design using questionnaires was conducted on 97 managers randomly sampled from 11 commercial banks in Rwanda. The study used self-administered questionnaires to collect anticipated data in accordance with the objective under study. The targeted population was randomly selected from 11 commercial banks in Rwanda and the sample population of this study was formed by 97 managers. Analysis of the collected data revealed that Talent Management practices have a statistically significant role (significance ($\alpha \leq 0.05$) evidence for the role of talent management practices in creating intangible values in commercial banks in Rwanda. The study recommends that commercial banks in Rwanda should coordinate their efforts in improving their performances basing on effectively implementing talent management practices and intangible values it helps to create as it will help them to maximize output by using minimal financials.*

Keywords: Human Resource Management Practices, Talent Management Practices, Intangible Values

1. Introduction

The scope of Human Resource Management practices in recent times has bleated. This is because it does not only involve the effective management of the human resources of an organization but also discovering, growing and maintaining their talents and skills to build a strong intellectual capital for organizations to achieve their goals and objectives (Stahl et al., 2012). Banking sector has been facing unprecedented challenges of a stiff competition, to survive and thrive in a competitive marketplace, organization must adopt a broad strategy that gives them a sustainable competitive advantage as the trend of corporate is changing from organizational growth to organizational sustainability (Aguirre et al., 2012). One of the major issues that have gained attention in the recent banking sector reforms is the implementation of talent management practices, talent management has been portrayed as a major constituent of human capital management (Mellahi & Collings 2009) which entails the recognition, nurturing, appraisal, utilizing and retaining employees who are either high performing or exhibit high potential (Collings et al., 2011). This brings home the point that talent mobilization and development are goals of every organization with a superior workforce capacity since the 'war for talent' is identified as pioneering the adoption of talent management, with the need to attract and retain key employees vital to the achievement of organizational goals and objectives (Collings & Mellahi 2009).

Although Business organizations are working hard to achieve sustainable competitive advantage, there is still a wide gap between the desired and actual success. If this gap arises due to the lack of proper management of talents, for this, effective practices (such as talent management practices) must be undertaken to attain the desired success. Today government and private institutions in Rwanda are trying to incorporate talent management practices in their system however they are still some that are facing challenges in areas of operations; which is largely due to

failure to effectively develop and maintain the unique talents of their workforce in a such way that will help business organization to achieve desired-outcome (Steven & Joseph, 2015).

In spite of the fact that commercial banks in Rwanda have moved from its rudimentary level of the early years of banking business to the current state of sophistication comparable to other economies at the same level of development, which mark them to be the best in contributing to the increment of the country's economy through their politics of promoting an appropriate payment system (Aladwani, 2001), this performance was measured basing on tangible values whereby, profitability was only looked at in the angle of monetary performance (Kanyesigye, 2012), for this intangible value acquired separately must be measured on initial recognition at cost. This means that uncertainty remains as to how talent management practices intervene in the creation of intangible values, whether some practices have strong effects than others and whether complementarities or synergies among such practices can further enhance the best creation of intangible values in commercial organization in Rwanda using Bank of Kigali as a case study.

Problem Statement

Although Rwandan commercial banks are investing into talent management practices they are yet to catch it cold, and intangible values they help to generate are left behind as a result they fail to achieve desired outcome. Therefore, the research problem can be summarized by answering the following question.

To what extent do talent management practices contribute on the creation of intangible values for commercial banks in Rwanda?

2. Literature Review

The basis for talent management was the scarcity of specific human resources that began in the 1980s. Back then, organizations were occupied with trying to attract these human resources, which required that they could separate the best individuals from the rest. The 1980s was characterized by organizations having control over individual's career development, but this shifted in the 1990s since the career programs from 1980s were expensive and often failed, and so individuals were made responsible for their career. Current trends in talent management indicate a move back to organizations taking more control of the career of the high potential employees. (Yarnall, 2011). In the academic world, talent management (TM) is a disputed concept. Literature reviews of talent management often bring up the fact that there is no agreed upon explanation of what talent management is, over time, however, as the HR field has developed, some more precise definitions have emerged. One of the most common definitions, although admittedly ponderous, is by Collings and Mellahi (2009) who defined talent management as a "set of activities and processes that involve a systematic identification of key position which differentially contribute to the business organization's sustainable competitive advantage, the development of talented pool of high potential and high incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbent and insure their continued commitment to the organization.

Effective talent management practice is therefore a necessity for achieving organizational success and excellence (Mariann & Kristin Torgersen 2014). Whichever way it is called, the potentials that reside in employees and how they are managed is seen as crucial to organizational success and competitive advantage (Mariann & Kristin Torgersen 2014). McDonnell (2011) expressed great concern about the supply of human talent, the most valuable corporate resource, with pressing issues faced by organizations in the attraction and retention of key staff. Since then, there has been a wave of consultancy reports that talk up talent shortages and which place strong emphasis on the role of talent management in organizational success, and many theories on talent management were developed, we can list "talent based theory" to help organization understand what best attracts top talents and harness those factors to the advantage of their organizations since attracting and retaining top talents is a difficult challenge.

Talent Based theory

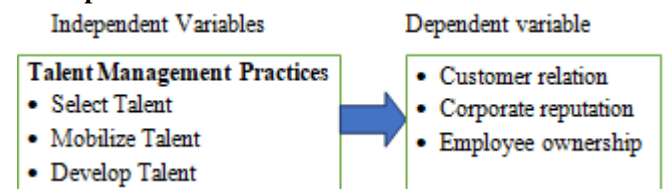
Talent based theory stipulates that talent is the only resource that provides sustainable competitive advantage, and, therefore organization's attention must and decision making should focus primarily on attracting, developing and maintaining talent and competitive capabilities delivered from it (Wright et al., 2009). The role of a firm is neither the creation of talent nor the acquisitions of organizational talent; that's the role and prerequisite of the individual. Ballesteros and Inmaculada (2010), believe that talent resides in and with individual persons; and the firm integrates and provides system and structural arrangements for coordination and co-operation between specialized talented workers.

Irtaimeh, Azzam and Khaddam (2016) define three dimensions of Talent management.

- Talent management attraction strategy** which mainly concentrate on auditing organization to list the vacant positions, review or building new job description for those positions, skills and competencies required, and job performance goals for newly hired. It also concerns with recruitment and selection, considered to be the backbone of recruitment process. Hiring rare and hard to copy resources is critical to the organizational success.
- Talent developing strategy:** This dimension concentrates on covering two gaps, performance gap and development gap. **Performance gap** is the difference between current actual performance and desired performance. Instead, efforts are made to increase current work performance to acceptable levels. **Development gap** is considered to be the difference between individual present competencies and those required to perform a job at a higher level effectively. Talent development intend to build competencies for the future, thus help individuals build competencies they need to function at higher levels of responsibility.
- Talent retention strategy:** Once talented employees are recruited, selected and developed, organization effort must focus on talent retention. In short, how managers interact with people is important to the "stay or leave" decisions of workers. It is critical that organizations know what their employees' value and do everything they can to be sure they offer rewards that will retain their critical employees. It makes sense to focus retention efforts on highly performing talent of those scarce resources.

Talent management adds value to the business when they are aligned to business strategy, are customer focused, directed at motivating and valuing employees to perform and excel, when they are focused on creating an ownership mentality amongst employees and increasing the capabilities and resources to get the best performance out of business (Aguirre et al., 2012). To gain the maximum benefit from company's investment in Talent management, HR must focus on effectively implement talent management and intangible values its help to generate. This will ensure that they achieve maximum output by using minimal financials.

Conceptual framework



3. Empirical Review

Talent management is becoming one of the most contemporary influential weapon companies utilize in an effective way so as be competitive on the market and get worth worthy (Areiqat, Abdelhadi & Tarawneh, 2010)). Over the years' talent management has evolved, along with expanding responsibilities and sophistication of HR profession to incorporated into goals and strategies of the

firm. Talent management have moved away from being an administrative process to a continuous human resource management practice which concerns attracting, selecting, hiring, engaging, training and developing, retaining and utilizing top talents to the organization's best advantage. It aims at ensuring the right job placement job placements, at the right time, in the right position, for the right candidates to deliver their best and remain committed to the organization. Though, talent management is organization-specific, but the focus is on developing and optimizing high potentials or talents of individuals within the organization more quickly with a strategic focal point that drives organizational outcome (Layla & Abbas, 2013)

A research paper produced by Nafei (2015) has presented an in-deep analysis on the increased importance of talent management in corporation to enhance the quality of customer relationship. A descriptive survey research design was used to gather primary data using self-administered questionnaire and interviews, on a population of (n=382) comprised of non-executives, executives, managers, and top management from Egyptians commercial banks. It was found that there is a strong relationship between customer relationship and employee satisfaction, and employer branding which potentially plays a significant role in increasing employees' sense of ownership. The study has suggested that information about vacancies, career development, trainings, company workshops and exclusive information are the most valued factors compared to periodical services, personalized websites or giveaways as they were not perceived interesting by most of the respondents.

Hope, Obianuju and Mercy (2015) measured the relationship between talent management and employees' sense of ownership. Descriptive survey design was adopted; hypothesized were tested with Pearson product moment correlation coefficient and regression techniques was used to analyze collected data. Based on the statistical findings and their assumption; the findings implied that, talent management influences positively employees' sense of ownership within Government institutions.

4. Methodology

The research probes through the use of a descriptive research design and data were gather using a self-administered questionnaire from which information which included views, opinions, feelings, perceptions, and intentions of different people were collected, as of secondary data books, thesis, journals, and internet were used to gather all information that were relevant to support this research. The target research population is represented by managers from 11 commercial banks in Rwanda. A random sample was selected from the targeted population. The sample consisted of 107 randomly selected managers of **those 11 commercial banks** with different activities, out of 107 questionnaires 97 responses were completed making a response rate of 90,65%. Data were inserted into SPSS20,0; and regression analysis was used to test the correlation between variable under study.

5. Result and Findings

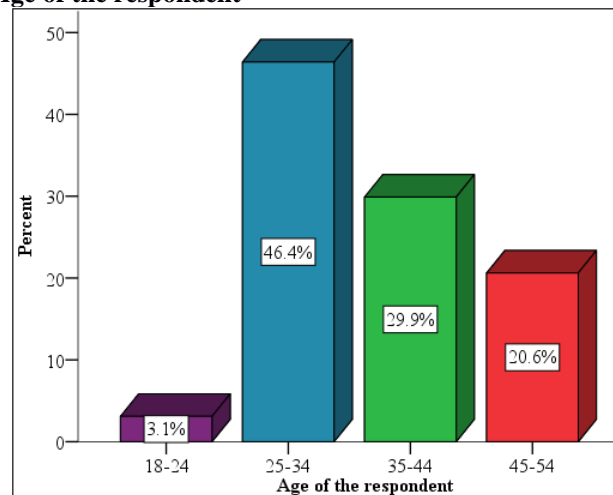
Descriptive analysis was used to describe the demographic features collected from the 97 respondents as shown in tables and graphics

Gender of the respondent

Gender		Frequency	Percent
	Male	41	42.3
	Female	56	57.7
	Total	97	100
Level of Education		Frequency	Percent
	Postgraduate	40	41.2
	Undergraduate	57	58.8
	Total	97	100

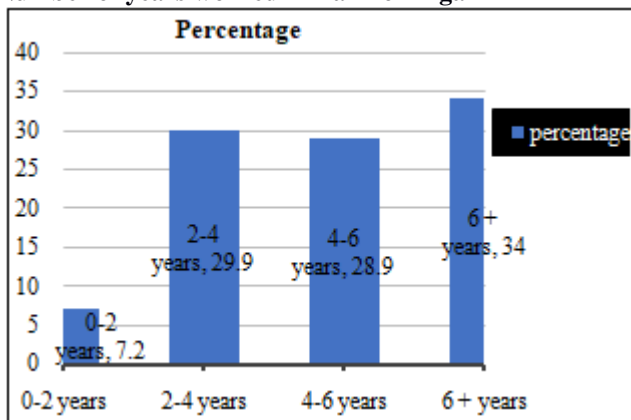
The analysis indicates that 42% of the samples were male and 58% female. This entails that all banking sector attract more females than male gender due to its operational services and as they were educated enough as shown by the following respective percentage 41,2% of the research population had a master's degree; whereas 58.8 % were on bachelor level data collected was believed to be reliable as respondent could read, understand and interpret questionnaires reliably.

Age of the respondent



According findings of the study, the majority of respondents 46.4% were aged between 25-34 years, 29.9% are aged between 35-44 years, 20.6% are aged between 45-54 and 3.1% are aged between 18-24 years. The study implies that the majority employees of the banks are below 40 years of age. This group involves individuals who are in their early adulthood and are strong, enthusiastic, fast in what they do, innovative, swift and therefore they are highly absorbed in many organizations to drive the operations with efficiency.

Number of years worked in Bank of Kigali



From figure above we can tell that, 7.2% of the respondents had served in BK for a period less than 2 years, 29.9% have served for a period between 2 – 4 years, 28.9% have worked in the same bank for a period between 4-6 years whereas 34.4% have served for more than 6 years. This implies that almost all respondents had taken reasonably enough time in service and thus the data they provided was believed to be reliable. This implies that all respondents had taken reasonably enough time in service were mature and educated enough thus the data they provided was believed to be reliable. The researcher sought to assess the effect of talent management practices in creating intangible values for commercial banks in Rwanda. The variables were set in a Likert scale to allow the respondents to rate their choices in accordance to their degree of surety. The ratings were as indicated in the table below.

Strongly agree	Very Strong	4.51 ≤ mean score ≤ 5.00
Agree	Strong	3.51 ≤ mean score ≤ 4.50
Not sure	Average	2.51 ≤ mean score ≤ 3.50
Do not agree	Weak	1.51 ≤ mean score ≤ 2.50
Strongly disagree	Very Weak	1.00 ≤ mean score ≤ 1.50

Correlation of variable under study

Descriptive statistic and correlation analysis were used to explore the relationship between variables under study, and the results were as follow.

Table 2

		Corporate reputation	Customer relations	Employee ownership
Our organization strive to select the talented pool to build a strong competitive advantage and promote a solid corporate reputation	Pearson Correlation	.874	.846	.786**
	Sig. (2-tailed)	.043	.021	.020
	N	97	97	97
Selection, retention and development of talents help a company to tie a strong relationship with its customers by delivering outstanding services	Pearson Correlation	.901	.893	.704**
	Sig. (2-tailed)	.029	.040	.027
	N	97	97	97
Our organization through its strategy of talent retention shows to the outsider that it values it employees	Pearson Correlation	.706	.866	.986**
	Sig. (2-tailed)	.002	.004	.038
	N	97	97	97

Table 2, indicate a strong correlation between talent management practices and intangible values and the statement “Selection, retention and development of talents help a company to tie a strong relationship with its customers by delivering outstanding services” was proved to highly correlate with intangible values as indicated by a p-value and strong Pearson correlation measuring corporate reputation Pearson correlation of .901 which is significant at the level of .029Sig. (2-tailed), customer relations with the

Table 1

Variables	Mean	Std. Deviation
Our organization strive to select the talented pool so as to build a strong competitive advantage and promote a solid corporate reputation	3.5289	.69701
Our organization through its strategy of talent retention shows to the outsider that it values it employees	3.6392	.54363
Selection, retention and development of talents help a company to tie a strong relationship with its customers by delivering outstanding services	4.7732	.42094
Valid N (listwise)		

The table indicated that the statement “Selection, retention and development of talents help a company to tie a strong relationship with its customers by delivering outstanding services “ was rated with a mean of $4.51 \leq 4.7732 \leq 5.00$ meaning that majority of the respondents strongly agreed with the statement. The statement “Our organization through its strategy of talent retention shows to the outsider that it values it employees” had a mean of $3.51 \leq 3.6392 \leq 4.50$ whereas the statement which stated that “Our organizations strive to select the talented pool so as to build a strong competitive advantage and promote a solid corporate reputation” had the lowest mean compared to the other statements

This implies that a well implemented talent management practices will significantly improve the level of customer relation for commercial banks. There is a lot of development witnessed in commercial banks in the recent past. Many commercial banks are forced to either innovate or face out due to increased customer driven services. Gone are the days when clients used to travel for long distance to get financial services or even queuing for long hours. Innovation has made it possible for them to access finance at the comfort of their homes, offices workplace or anywhere they are because financial services are more flexible nowadays. Such value creation comes with the right group of employees who can bring ideas to life.

Pearson correlation of .893 which is significant .040Sig. (2-tailed) and employee ownership with a Pearson correlation value of .704** significant at the level of .027Sig. (2-tailed) .

6. Discussion of Findings

The study of Wageeh (2014), through light on the effect of talent management on service quality using Egypt commercial banks as a case study. Survey research method

was adopted, Hypothesis were tested using the 55-item section of Heinen & O'Neill (2004), Alpha Correlation Coefficient (ACC) and Multiple regression analysis, F-test and T-test were used to measure the correlation between variable under study. Based on the statistical findings of their assumption; the findings imply that talent management significantly and positively influence Service quality, and that high Talent management will be more likely to achieve high profit in such banks. *Although this research contributed to the academic knowledge it doesn't indicate how talent management influence the creation of intangible values creation in Rwandan commercial banks*

Hope, Obianuju and Mercy (2015) measured the relationship between talent management and employees' sense of ownership. Descriptive survey design was adopted; hypothesized were tested with Pearson product moment correlation coefficient and regression techniques was used to analyze collected data. Based on the statistical findings and their assumption; the findings implied that, talent management influences positively employees' sense of ownership within Government institutions. *Even if the findings of their research contribute to the academic literature but they only focused on aspect which is ownership and their research area was Government institutions*

Although, many scholars' findings contributed to academic literature, but non among their studies Examined the effect of talent management t as human resource management practices that could influence positively the creation of intangible values in banking industry in their case studies. On the other hand, as observed in the empirical literature, varieties of studies on talent management, were conducted in different nations in effect, very few of studies were conducted in developing country like Rwanda, much less in banking sector in which the study is designed, to fill this gap in academic knowledge literature.

7. Conclusion and Recommendations

The basic objective of this study had been served as it was proven from the findings that there is statistically significance ($\alpha \leq 0.05$) evidence for the role of talent management practices in creating intangible values in commercial banks in Rwanda. This implies that only those commercial banks whose aim is to gain competitive advantage, would only excel if they focus on improving their performances basing on effectively implementing talent management practices and intangible values it helps to create as it will help them to maximize output by using minimal financials

7.1 Recommendations

To commercial banks

The study has established that there is a link between human resource management practices and development of intangible practices and therefore commercial banks need to focus more on improving their bank performance based on such intangible values rather than focusing much on tangible values. This will ensure that they achieve maximum output by using minimal financials by mainly focusing on intangible values such as employee recognition, fairness

treatment of employees as well as tapping tapping the available talent in the bank.

To policy makers

The policy makers should ensure that they come up with standardized HR policy which prescribe key performance-based compensations in various sectors, management of talent to avoid exploitation as well as employee engagement which and can be used in main sectors of employment. This will improve the performance of employees in most of these sectors and eventually boost the overall economic growth.

To academic researchers

From this study it is recommended that scholars and practitioners in human resources management should actively engage in joint research that will be used to assist human resources managers and commercial banks to further this study and assess other elements of HR practices in light with intangible value creation and also to effectively ensure the proper link between the two variables are well documented. The academic research will go a long way in ensuring that there is consistency between theory and practice.

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