



MEASURING THE MEDIATING ROLE OF TALENT MANAGEMENT, HRM AND ORGANISATIONAL SUCCESS IN UAE

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Abstract:

Organizations in the past have neglected talents employees, whereby researchers and HR professionals have realized the importance of talent management for the modern organizations rather than relying on the foreign expatriates to manage their human capital effectively for sustaining effectively. As such, this study aimed to measure the mediating role of talent management between HRM and organizational success relationship in the UAE aluminium industry. Data were collected through a self-administered questionnaire from the various aluminium companies operating in UAE. For hypothesis testing, SEM was employed. The finding indicates of having a full mediation in the model. Emergence of internet technology has led to tremendous changes in organizational structure and impact on talent management towards organizational success. Many companies are trying in this competitive market to be successful on their product offerings by given the customer with best possible experiences. As a result, managers, and CEOs are concerned about taking the right direction to introduce new trainings to manage their talented employees. Nonetheless, this study is more concerned about HRM and talent management towards organizational success from the UAE aluminium industry perspective. Conversely, to be successful in this competitive market, all companies must care about their employees.

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1. Introduction

The aluminium industry in UAE continued to be one of the most important foreign revenue earners, contributing to expansion of the country's assets and reinforcing the improvement of economic reform. In UAE, aluminium industry is considered as one of the most vital segment of the country's economy. According to Attar (2014, p. 36), "*the aluminium sector will continue to be in the forefront of UAE's economic development. This sustainable and high-yield sector will continue to drive UAE's economy, providing income and job opportunities to the people*". In this aspect, UAE has greatly benefited from the aluminium industry (Attar, 2014). In order to cope with the ever increasing pressure of globalization, and to remain competitive, the UAE government has consistently supported the aluminium industry with all the available infrastructural and financial facilities at its disposals. Globally, aluminium is considered as one of the fastest growing sector due to its light weight, corrosion resistance and higher electrical conductivity (Al Suwaidi, 2014).

Besides, the scientific and technological development and accelerated economic growth today have increased the competition and challenges among organizations at the local as well global level (Festing, Kornau & Schäfer, 2014). The requirements of modern era of quality and excellence have leaded those organizations for possession of a unique type of human capital that is highly skilled, talented and knowledgeable (Guthridge, Komm & Lawson, 2008). This provides guarantee to those organizations for their sustainability and to compete globally as the human capital are able for creativity, excellence and innovation (Haghparast, Moharamzadeh & Mohamadzadeh, 2012).

Globalization and demographic changes are posing new challenges for UAE aluminium industry that compete globally (Saadi, 2013). The demand for superior human capital resources have forced the local companies to the "war for talent", a dramatic theme introduced by Michaels, Handfield-Jones and Axelrod (2001). Like other countries, companies operating in UAE, the demand for talented employees have increased and global competition seems to be challenging in finding talents to manage global operations (Singh & Sharma, 2015). For most companies to extend globally, the shortage of supply of skilled and talented human capital is a significant issue. This has warned local companies to develop its own employees within their organization and prepare them to fill any position in coming future (Mashhood, Verhoeven & Chansarkar, 2009). Therefore, many companies in UAE has created external talent programmes from

hiring, acquiring and recruiting external local talents to understand the organization needs and to add value to the organization for long term (Al Suwaidi, 2014). In the past, most companies in UAE have relied heavily on expertise and western employees to fill any position (Singh & Sharma, 2015). However, the scenario has changed. A lot of researchers and HR professional has realized the importance of talent management for the modern organizations rather than relying on the foreign expatriates to manage their human capital effectively for sustaining effectively as well as competing globally (North, 2011).

From this fact, the investment in human resources became an important part for the organizations' strategies in order to be able to compete globally. Therefore, it is necessary to pay attention to the talented human elements in contemporary organizations as it is the most important elements towards excellence and success. Besides, changes and developments in technology and economy create new issues in the field of human resources as the organization alone cannot deal with these challenges without considering and investment on talented human capital. As such, this study aims to measure the mediating role of talent management between HRM and organizational success relationship in the UAE aluminium industry.

2. Literature Review

2.1 Human Resource Management (HRM)

HRM has grown as the key and most integral portion of organisations. It involves mostly in the managerial functions of hiring, firing and payroll. Thus, it deals with the employees' satisfaction and legal compliance (Noe et al., 2010). According to Boxall and Purcell (2008), HRM can be defined as "*All those activities associated with the management of people in firms.*" (p. 5). In addition, Noe et al. (2010) defined HRM as "*a philosophy, policy, system and practices that can affect the behaviour, attitudes and performance of employees.*"

The elements of HRM practice includes hiring and firing of employees, training activities to develop employees' efficiency, promotion, working conditions, fringe benefits and salary. Cania (2014) investigated on the relationship between organizational work environments and job satisfaction and found that organizational work environments has greater influence towards employee commitment which tent for higher job satisfaction level among workers. Additionally, Deb (2006) showed that there is positive relationship between job satisfaction and communication within organization towards employee commitment. Thus, in order to improve employee's productivity and performance, communication among organization is very important

which will increase teamwork (Downs & Swailes, 2013). Other research related to decision making and the relation with job satisfaction and basically the research found there are positive relationships between these two variables of decision making and job satisfaction (Boxall & Macky, 2014). Moreover, based on research conducted by Cappelli (2008), it was found that motivator and hygiene and salary, co-worker, and promotion are parts of important area affecting job satisfaction.

2.2 Organizational Success

Organisational success actually refers how company or organisation is doing in terms of current business market. However, having an efficient performance, the organisation can be successful for profit making. In fact, the human management process is vital for an organisation and employee motivation also can be generated because of right selection of human resource (Iqbal et al., 2013). For the high and expected success, as it is told earlier, human resource is the root of everything. For aluminium industry, yet this is not a sufficient circumstance for effective performance. This system by the managers and employees is a most vital concern with any organisational performance management system (Mohamad & Lo, 2009).

Concentrating towards the success and the whole process of performance management, aluminium industry can claim that, organisational success is all about perfection, growth, harmonization, improvement in terms of technology, competitive advantage to articulate perceive value for the customer along with economic value creation (Leopold & Harris, 2009). However, the extent of success is apparently very broad for the industry standpoint that is the reason for an enterprise to observed performance management system (Cokins, 2009). Aluminium industry views success as an effective management and solid understanding of the recital sphere of influence relative to other companies, which may explain as comprehending the responsibilities and of their job description with the organisation (Robert, 2003).

The organisation's abilities to form a centre of consideration, growth and progress, attracting and developing are a vital part for any organisation. Therefore, it is crucially important and comprehend that for the success of any organisation focusing on human resource management is essential (Leopold & Harris, 2009; Longenecker & Fink, 2011; 2012).

2.3 Talent Management (TM)

According to Lewis and Heckman (2006), talent management is interchangeably used with other terms such as "succession management", "talent strategy" and "human planning". As a basis, talent management is concerned on the effective employee talent

management. Differences of terms provided in the literature somehow have substantial contrast in the definition of talent management, either on the processes or decision alternatives (Guthridge et al., 2008). Talented individuals, are considered to deliver and perform or believed to have to deliver on higher contribution to the organization compared with other employees, in whatever position or sector in any industry (Vaiman et al., 2012). The talent possess by the individual are considered obsolete and could not acquire by others easily or require more monetary investment and time to develop individual with specific talent (Downs & Swailes, 2013).

In any companies, there are many opportunities and areas for talent management development. The skills and expertise of employees who are experts in their particular area are deemed significant for enhancing the talent management (Danish & Usman, 2010). Among the factors that influence the construction of talent among individuals are the leadership based gender, practices of gendered speech and personal attractiveness (Downs & Swailes, 2013). Several key individuals must be involved in ensuring the flowing of knowledge in the aluminium industry (Whelan et al. 2010). By effective knowledge determinants, the aluminium industry is able to develop individual or groups that are talented in specific area of knowledge. The steps have been taken by the UAE government as well as the local companies in UAE by sending staffs to various trainings locally and overseas (Mashhood et al., 2009). By doing such steps, the pool of talent in specific area of knowledge can be created and enhanced further. Many employees have benefited by these initiatives which altogether can elevate the status of UAE as the hub for aluminium in the Arab region (Al Suwaidi, 2014). Therefore, the talent management in aluminium industry can contribute to the country's economic development.

Effective Talent Management (TM) can help an organization to accumulate core talent, build corporate intelligence and gain a competitive edge (Maloney, 1997). Organizations are fast adopting TM to harvest the benefit of internal and external talent, made possible by the availability of new information technology and communication tools, especially upon the evolution of internet area. However, TM is not just a tool, and the implementation of TM does not stop upon completion of the User Acceptance sign-off. The next challenges in TM are how to improve talent sharing and collaboration among the many talent contributors in the organization. Bailey, Madden, Alves, Shantz and Soane (2017) explain how organizations seek to manage the meaningfulness employees experience through strategies focused on job design, leadership, HRM and culture. Employees can respond positively to employers' strategies aimed at raising their level of experienced meaningfulness when they are felt to be authentic (Krishnana & Scullion, 2017). However, when meaningfulness is lacking, or employees perceive

that the employer is seeking to manipulate their meaningfulness for performative intent, then the response of employees can be to engage in "existential labour" strategies with the potential for harmful consequences for individuals and organizations (Glaister et al., 2017).

3. Study Hypothesis

This study will test the following hypotheses in the UAE aluminium industry context.

- H1: There is a significant positive relationship between HRM and organisational success
- H2: There is a significant positive relationship between HRM and TM.
- H3: There is a significant positive relationship between TM and organisational success.
- H4: There is a significant positive relationship between the HRM and organisational success mediated by TM.

4. Methodology

In this study, phase one was exploratory research type while phase two has been identified as descriptive. Each of these types has distinct and complementary roles to play in this research. Exploratory research focuses on primary or secondary data. The main sources of the exploratory research were academic journals, books and other printed as well as online materials. This study employed survey method for some reasons such as to get holistic perception of respondent and to know the actual scenario of UAE aluminium industry. These can be related to lower operational costs, minimization of possible researcher's bias, and maximization of possibility of greater degree of objectivity and usefulness for hypotheses testing. The population for this study were the 12 aluminium companies listed by the UAE government (Gherbal et al., 2012). The unit of analysis was based on organisation. Data were collected through a self-administered questionnaire from the various aluminium companies operating in UAE. The respondents for this study were the employees working at various aluminium companies in UAE. A total of 300 questionnaires were randomly distributed out of which 242 returned questionnaires were found valid for further analysis.

Beside, classification of aluminium industry workforce can be divided in different categories. First category consists of employees who are experienced and working for minimum ten years. Second category consists of middle managers who are experienced more than five years. The third category consists of people whose

experience must be not less than three years. Finally, last category consists of people whose experience must be no more than three years.

In this study, data analysis was done in four stages. In the first stage, the collected data were coded and entered into SPSS worksheet. Stage two involves testing validity, reliability and exploratory factor analysis (EFA) using SPSS. In stage three, further statistical tests were conducted; such as confirmatory factor analysis (CFA), reliability, and validity using Amos. Last stage employed SEM for the model and hypotheses testing.

5. Results and Discussion

To test the proposed theoretical model hypothesized in this study, Structural Equation Modelling (SEM) was employed. For the assessment of the structural path relationships among the identified variables for this study, three distinct criteria have been applied based on the suggestions provided by many scholars (Byrne, 2016; Hair et al., 2010; Kline, 2015). A proposed model has been compared with the null model holding the assumption that no relationship exists between the respected measures. Figure 1 illustrates the Goodness of Fit (GOF) values that have been attained from the SEM model for this study. It indicates that the fitness index for the SEM model is achieved [Absolute fit (RMSEA) = .079, Incremental fit (CFI) = .961, (GFI) = .953; and Parsimonious fit (ChiSq/df) = 3.114].

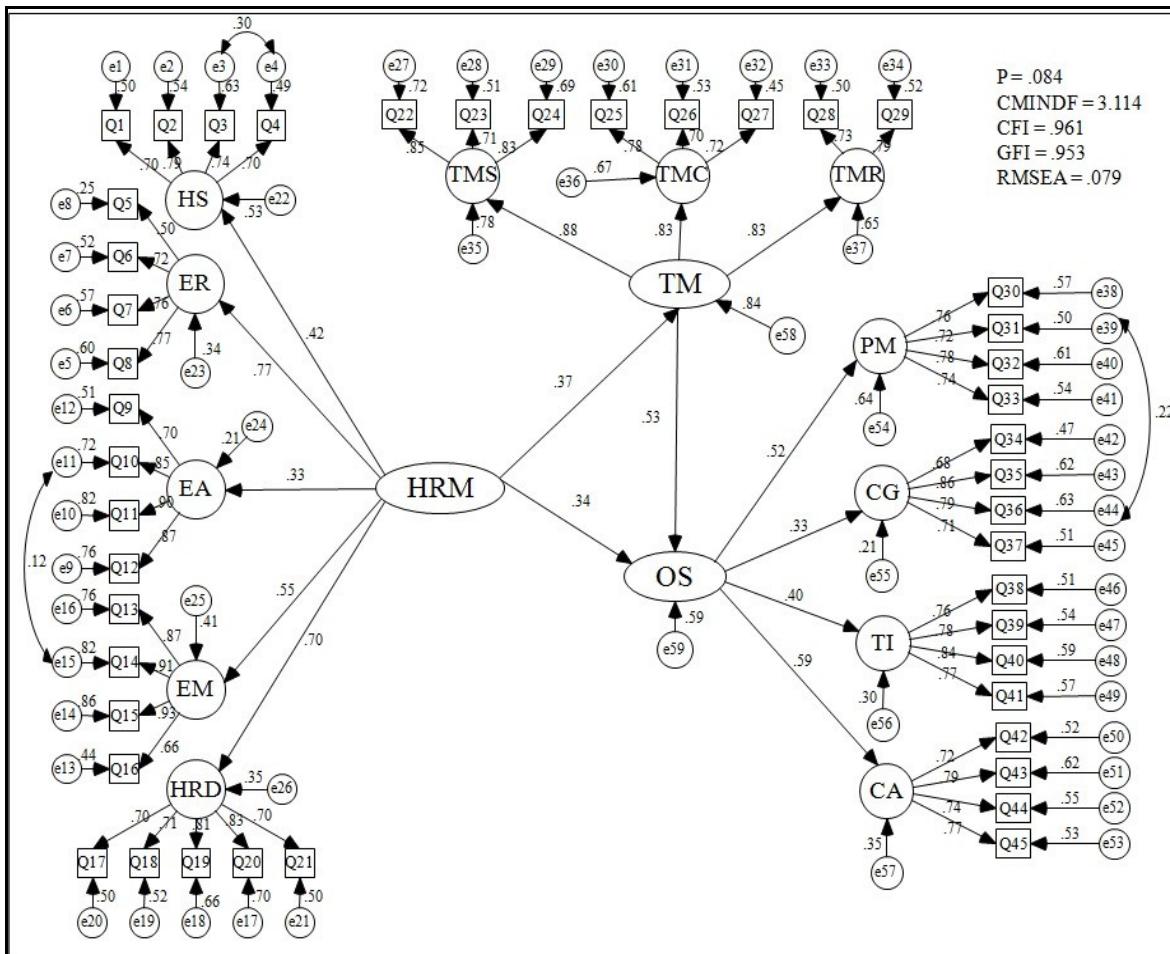


Figure 1: Modified Structural Model

For the overall model as a whole, the statistical result indicates a good fit. The complete model inclusive of the hypothesized paths is illustrated in Figure 1 and Table 1. From the model, it can be seen that all the variables uphold a positive significance.

Table 1: Hypothesis Testing

			Estimate	S.E.	C.R.	P
Talent Management (TM)	<---	HRM	.374	.075	10.268	***
Organizational Success (OS)	<---	HRM	.342	.087	.760	***
Organizational Success (OS)	<---	Talent Management (TM)	.530	.110	1.635	***

According to Byrne (2016), before testing the mediation between the constructs, the researchers first need to check if all the relationships among the constructs are statistically significant ($HRM \rightarrow OS$, $HRM \rightarrow TM$, and $TM \rightarrow OS$). If all the relationship is statistically significant, then it can be assumed that there is a partial mediation occurs. However, if any of the relationship is not statistically significant, then it can be assumed that there is a full mediation. Therefore, no further tests are required.

In this case, to confirm the types of mediation (full or partial mediation), this study has tested the relationship presented in figure 1 and table 1. It can be observed that the path coefficient between HRM and organisational success is positive 0.37. The path coefficient between HRM and talent management is also positive 0.34. Finally, the path coefficient between talent management and organizational success is also positive 0.53. Hence, this indicates of having a full mediation in the model.

Past studies conducted on the relationship between HRM and organisational success has found a significant positive relationship between these two variables (e.g. Alagaraja, 2013; Huselid, 2011; Sheehan, 2014; Silva, 2014). Besides, studies conducted on the relationship between HRM and talent management have also found a significant positive relationship between these variables (e.g. Boxall & Macky, 2014; Dearden et al., 2006; Nankervis et al., 2009; Raj & Kothai, 2014; Wright et al., 2005; Yeung & Berman, 1997). Adding to this, this study has intended to test the mediating role of talent management between HRM and organisational success in the UAE aluminium industry context, thus, significantly contributes to the body of knowledge.

6. Conclusion

This study also highlighted that HRM and talent management strongly influence organisational success. It should be noted that these elements and success are interlinked variable and these are counted as the key factors in moving the organisation forward. If the employee attitude and behaviour towards the organisation is not positive, the outcome cannot be positive. Appropriate job training motivates employees towards increased productivity where the results are shared by both the employees and the employers.

On the other hand, emergence of internet technology has led to tremendous changes in organizational structure and impact on talent management towards organizational success. Many companies are trying in this competitive market to be successful on their product offerings by given the customer with best possible experiences. As a result, managers, and CEOs are concerned about taking the right direction to introduce new trainings to manage their talented employees. Nonetheless, this study is more concerned about HRM and talent management towards organizational success from the UAE aluminium industry perspective. Conversely, to be successful in this competitive market, all companies must care about their employees.

Due to limited scholarly literature available from the UAE aluminium industry perspective, this research started with reviewing the current literature on HRM and

talent management and their role on organisational success. From there, this research narrowed down to specific HRM and talent management issues related to aluminium industry which was the main purpose of this research. In the process of doing so, this research has explored that although that talent management is a subset of the HRM process. And effective management will lead towards organisational success. This also helps to bridge the gap in the existing literature, owing to the fact that empirical evidences are limited in the context of UAE in this particular field.

Therefore, a proper and effective HRM practice can aid in stimulating favourable employee outcomes which in turn, enriches the in-role and extra role behaviour of the employees. The impact or influence of effective management on employee's motivation and job satisfaction is long pass a debate as there are clear evidences and many practical examples that have proven that without effective HR policies; companies and the employees will be having a tough time managing their employees for better productivity.

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