

Driving Industry 4.0 Business Through Talent Management of Human Resource System: The Conceptual Framework for Banking Industry

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Abstract- The world of human resources work is characterised by innovative and fast changing of technology wave rapidly. Driving the talent management has recently been the target of increasing interest and is a method by which organisations can meet the demands that are associated with increased complexity. Previous studies have often focused on the management of talent, but the issue of what exactly should be managed has generally been neglected. In this paper, the authors focus on discussing the substance of talent and the problems associated with identifying talent by using the following closely related concepts: employability, knowledge, and competence. The topic of talent management has increased in importance and has gained attention in both the literature and in business practices. The importance of talent management has increased in terms of the impact it brings to the success of an organization. For this reason, organizations prioritize this mechanism which included attracting, retaining and developing talents. It is of high significance as it gives organizations the opportunity to draw and retain necessary talent effectively. Furthermore, talent identification and development help organizations in identifying employees that later been develop as a leader of the future that represent the combination of cyber-physical system due to the diversification of fourth Industrial revolution or Industry 4.0 . These new technologies will impact all cross disciplines and even challenge the function of human resource such as training, staffing, performance appraisal, compensation and job design. The challenger of Industry 4.0 whereby most companies require to design the HR practices through the goal to encourage innovativeness and learning in the organization. To face those challenges successfully, the conceptual framework and future strategy management becomes vital. This paper aims to present the conceptual model and to be tested scientifically.

Index Terms- human resource, talent management, Industry 4.0

I. INTRODUCTION

Putting the right people in the right job positions is what a good talent management is and for future need (1). Effective talent management ensures that employees can make use of their talent to achieve an absolute success of an organization.

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Since public and private sector organizations consider talent management as a new addition to the industry, most organizations are observed to have prioritized it as they want to make sure that they hire the right people. The idea behind talent management is built on the fact that business is run by people. The people are the ones creating and putting value on the company by using corporate assets to come up with new products and services that people need. The apparent implication of this is that the efficiency of the people in an organization is directly correlated to the performance of the business. This is the rationale behind talent management to attract, develop, and make use of the greatest minds to get superior business results (2). However, talent management is a challenge to all organizations as competition for certain positions are too tight (1). Most researches concurs that performance is more dependent on the way human capital is utilized rather than on physical capital (2). This is to say that having the right skills in place to be able to grow and perform in the future is increasingly unpredictable, but future challenges should be anticipated before attempting to come up with a resolution through talent programmes mostly with psychological-contract perspective (3).

Regardless of the industry, talent shortage has been a dilemma to almost all organizations. This is because of the skills set possessed by available workers do not match the advanced, more complex skills which are required by businesses especially in country like China (4). Most study in the field of human resource, proposes that organizations should ensure that they have existing plans to meet the problems of talent shortage especially near to the era of IR 4.0 (3,4) These are just a few issues which are contributing to the challenges towards IR4.0 that have been threatening the global business economy. As a reference, there was a survey involving 123 Human Resource senior managers, which revealed that 70% of the problem is due to incoming workers' poor skills, 61% Baby Boomer retirements and 51% is due to the inability to retain key talents. Therefore, globalization and issues of IR 4.0 has enabled talented employees not to limit the marketing of their skills within one region, but they can look for jobs in firms across the world with digital skill. Because of this, experts are mainly worried with the possibility of intense global competition for talents which may draw attention towards how talent is recruited, retained, developed and managed (5) yet, the uncertainty of industrialization of 4. 0. The uncertainty may affect the talent management practices and the organization performance. To fill in the gap of, a strong theoretical model of talent management should be established and tested by quantitative analysis.

II. LITERATURE REVIEW

The main objective of talent management is to develop skills and retain employees, which consists of a highly skilled and committed workforce. Talent management should start with the business strategy and what signifies talent towards an organization. There are a few elements of talent management that have been identified (6) which are resourcing strategy, attraction and retention policies and programs, training and development, total rewards, performance management, career management and creating the best work place environment. Employee as a potential resource is the source of the influence of an organization because employee moves the organization. Also, vice versa, moving the organization means having to move employee with competitive strategy (7). Without a strategy, even if recruitment and selection is good, the organization will have some negative impact. Mast study in this field pointed out that the practice of recruitment and selection will affect the performance of the organization but nevertheless looking in eHRM system (7). The general purpose of the HRM system or process included the recruitment and selection of employees in finding talented employees to an appropriate position by providing effective training program (7). Training is a process that aims to improve and enhance the skills of individual employees, new or existing. Staff training refers to strategies, methods and processes to enhance the capacity and capability of employees in the organization. Other researchers stated that the training and development of active learning about an employee's ability to control their work and aims to improve the performance of each employee (8). By enhance their skills, knowledge, attributes and behaviours with the result of good compensation rewards (8). Compensation can be described as the payment of salaries, wages, bonuses or a rewards system that can be used by organizations to motivate their employees (9). It is a very large component of the impact on operating costs. No organization can expect to attract and retain qualified and motivated employees unless they pay them fair compensation.

Back to performance management definition, it can be define as a systematic process, which requires the involvement of everyone in the organization to ensure the effective organization and achieve the planned goals (10). A well know study in HR related to performance management, define it as a prolonged process for identifying, measuring and shaping individual performance and ensuring their performance is in line with the goals of the organization (11).

Career development is a lifelong learning process that continuously adds work experience. Through a study conducted by (12), an organization that creates career development of staff workers are believed to have a positive relationship to job satisfaction and retain employees, increased productivity and performance of the organization. This opinion is also supported by (11) which showed staff employees would be more attention and committed if they are given the opportunity to develop their careers. Further, the reduction of employee compensation can be made effectively. If the work environment is not taken care effectively and properly, it will increase the rate of absenteeism because of

dissatisfaction with the work environment, and thus it will reduce the level of their productivity. Unpleasant working conditions will contribute directly to an increase in employee turnover rates.

A. *The concept of Talent Management (TM)*

The definition of talent by the Chartered Institute of Personnel and Development, is where talent is the ability of a person who can make changes to the performance of the organization by revealing the high potential level (12). While talent management is defined as a process to develop and advance the careers of talented person in an organization use formal procedures, resources, and policies for the future of the organization (13). According (12) and (7) a talented person can produce something new and different in playing a leadership role in the future. The main cause is the lack of balance makes people able to make changes to their work performance (11). The main objective of talent management is to develop skills and retain employees, which consists of a highly skilled and committed workforce. Talent management should start with the business strategy and what signifies talent towards an organization. There are a few elements of talent management that have been identified by well known researcher (14) which are resourcing strategy, attraction and retention policies and programs, training and development, total rewards, career management and creating the best work place environment in order to get the best performance management

Performance management is a systematic process, which requires the involvement of everyone in the organization to ensure the effective organization and achieve the planned goals (2) every individual should be judged by what they do to determine the level of their performance. According to them performance management is a prolonged process for identifying, measuring and shaping individual performance and ensuring their performance is in line with the goals of career development.

Career development is a lifelong learning process that continuously adds work experience. Through a study conducted by (15), an organization that creates career development of staff workers are believed to have a positive relationship to job satisfaction and retain employees, increased productivity and performance of the organization. This opinion is also supported by other researchers (16) which showed staff employees would be more attention and committed if they are given the opportunity to develop their careers. Further, the reduction of employee compensation can be made effectively within the existing working environment.

In contradict other researcher (26) the work environment can be a contribution to an employee to continue working in the organization. The general atmosphere of the work influences the welfare of workers under the employment relationship and as a result of the major quality work environment. If the work environment is not taken care of properly, it will increase the rate of absenteeism because of dissatisfaction with the work environment, and thus it will reduce the level of their productivity. Unpleasant working conditions will contribute directly to an increase in employee turnover rates.

B. Performance Management and Reward System

Workforce performance management is a comprehensive performance management system that not only looks at individuals but also talented employees. Based on one finding by a book with the title of "Employee engagement through effective performance management: A practical guide for managers" (17), performance management can be defined as a process or a set of processes that can create a shared understanding of the goals to achieve and how to achieve them. It is also an approach to managing the employee towards increasing the probability that the goal is achieved. Performance appraisal is widely used by management or employers to consider annual salary increase and bonus award (17)

Therefore, individual performance evaluation simply cannot ensure the achievement of the strategic goals set out in the organization's strategic planning. If peeled off each of the above definition keywords, this performance management is not merely a performance assessment form filled out annually or bonus award. It involves planning and effort as well as actions sustained by management of an organization in managing the performance of talented employees (16).

Performance based rewards, with two important elements of communication and the participation of communication and participation, are a contemporary compensation system that is essential to attract, encourage, and retain employees who are competent or talented. The ability of administrators to manage reward-based systems can encourage employees to increase their level of commitment to the organization. This issue has gained widespread coverage in literature studies; however, performance-based rewards as predictor variables are not much emphasized in organizational reward models (17). Rewards and benefits are defined as wages and salaries or annual leave as well the facilities provided by the organization and through the field of work itself (18). One of the study related to rewards system found that reward factors were positively correlated with affective commitments (19). The results of this study were also supported by the findings of (20), which expressed that rewards affect the organization's commitment to its organization. The study of (21), found that rewards are the most dominant factor in affecting affective commitments. In addition, (7) found that the most influential factor in organizational commitment are rewards, in parallel with (22) study. Whereas, the correlation test results show that the rewards have a strong and significant positive relationship with organizational commitment. Other human resource management practices also have significant positive relationships with organizational commitment. Therefore, human resource management practices are important because an organization uses several human resource management practices in the organization rather than just one human resources management practice (20)

H1: there is significance relationship between talent management towards rewards system

2.1.2 Talent Management and Commitment

According to (22), talent management in the organization is a learning program designed to enhance the knowledge, skills and performance of an employee. In addition, it is a process to change the behaviour of workers in the workplace through the application of learning principles. Based on (24),

talent management refers to the work planned by an organization to encourage employees to learn skills related to their work and to improve one's work quality. Besides that, it will also produce a committed and loyal worker to the organization. A study on this topic by (15) also supported the results of this study where the impact of human resource management and organizational commitment in the banking sector in Kuwait and Jordan found positive relationships with the Kuwait Bank's staff organization's commitment with training. In addition, the study of (25) also demonstrates work safety, training, and career development contribute to the level of employee commitment to the organization. Highly motivated employees will give a high value to training and will be able to give more commitment when there is an opportunity. In addition, a well-managed rewards system will increase employee commitment, and they will be more likely to work harder to achieve organizational goals and strategies (26). For example, an efficient rewards management system can be used as a strategy by the organization to improve employee commitment, as it is able to attract and retain employees to enhance organizational efficiency and productivity (26). According to (30) commitment to the organization involves three attitudes that are: identification with organizational goals, feelings of involvement in organizational tasks, and feelings of loyalty to the organization. When interpreted, the commitment of the organization is a form of identification, loyalty, and involvement expressed by employees to the organization

H2: there is significance relationship talent management and commitment

C. Commitment and Bank Performance

According to early research in 1958 (33), stated that high level of commitment amongst Japanese workers 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 excellence (32). Many researchers studying issues on organizational change, reducing employees, and outsourcing workers have disturbed the feelings of workers towards their work which created decreased commitment to the task, the desire to migrate to other organizations as well as productivity (19). The atmosphere of a pleasant work environment is closely related to the emotional intelligence of workers in an organization (34). Commitment is interdependent with emotions because employees need physical and emotional support (31). A study by (31) also shows the result that emotional intelligence is closely linked to the commitment to the organization. Referring to (33) statement in terms of psychology, employees will be distanced from the organization when they feel that the organization is no longer needed for their services, and the organization has also seen a lack of commitment to the employees in turn causing employees to act in their own way. This statement is consistent with the results of the study conducted by (34) that when the organization does not commit to the worker, then the worker will also be less committed and decrease productivity. Commitment need to be assessed from time to time as human resources in

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organizations determine the success or failure in improving the bank performance.

H3: there is significance relationship between commitment and bank performance

D. Reward System and Bank Performance

Everyone who works desires to be rewarded what is more than or equal to what is given. It is said that every employer not only wants a worker who can do whatever has been ordered, but also a worker who is competent in his field and can advance his company (34). In an application of organizational behaviour, the discussion of rewards in organizations is very important in conducting organizational behaviour. Employee hopes to get a reward for what they have contributed to an organization; therefore rewards really affect the performance of every employee or organization personnel(32). Fruitfully researcher continues to reveal the physiological understand how importance the element of rewards directly affects the organization's performance (33; 34 &35). The question arise 'are rewards given can make employees feel satisfied', then the "performance of the employee will increase", and "Does it affect the bank performance" (33; 34 &35). Therefore, giving appropriate rewards to talent can help to boost the productivity of employee and at the same time improve organizational achievement (17). The productivity of the company is essentially a result of the employment requirements that must be fulfilled by the employee (17). The employee will work energetically if he feels that his or her physical and non-physical needs are met through involvement in the production process of the company concerned. The skills or the ability of employees in carrying out their work and duties is a very important factor in order to obtain the results as expected by the organization. Therefore, the important task of a personnel manager or staff is to reward them according to their work or talents (36). The willingness of employees to carry out their duties with passion and to meet the needs of their life, employees is not only pursuing physical needs but also non-physical needs (36). The most important needs of employees are psychological needs, the main needs perceived by employees such as: the need for security, the need to succeed, and others. In addition to psychological needs, employees also have needs that are economic and physical properties (37).

H4: there is significance relationship between rewards system and bank performance

E. Commitment, Reward System and Bank Performance

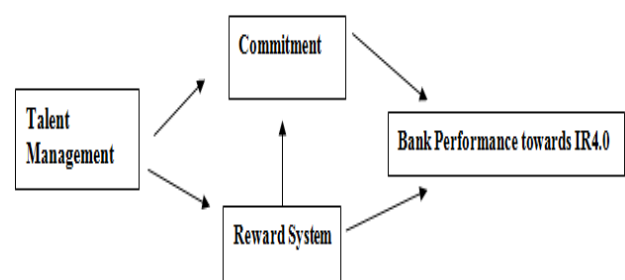
Commitment and rewards, with two important elements of communication and the participation of communication and participation, are a contemporary compensation system that is essential to attract, encourage, and retain competent employees (18).The ability of administrators to manage reward-based reward systems can encourage employees to increase their commitment to the organization(25). This issue has gained widespread coverage in literature studies; however, performance-based rewards as predictor variables are not emphasized in organizational reward models.

Based on the organizational reward model, most western scholars see that communication about performance appraisal

and the link to the reward systems are different but have high relevance in many organizations (26) For example, the ability of managers to communicate transparently, determine the level, type and amount of payments based on the performance appraisal system, and to provide opportunities for employees to participate in discussions on matters relating to rewards system able to enhance organizational commitment (18:25 &26)). Although the nature of this relationship is very important, the role of rewards based on performance as an important divider variable is not widely studied by scholars in the context of talent management. Discussed in the literature review (31), most scholars argue that this may be due to several factors: firstly, past studies are too much to describe the characteristics of performance-based reward systems such as conceptual discussions about the definition, type, purpose, and importance of the payment system (30). Secondly, the last survey was more interested in studying different perceptions of employees according to demographic characteristics of performance-based reward systems. Thirdly, past studies have put more emphasis on the degree of firmness of relationships among performance-based reward systems with individual attitudes and behaviours in general (33). Therefore, the previous study is not capable of producing sufficient information to serve as a useful guide for practitioners to understand the complexity of planning and managing performance-based rewards systems and developing strategic action plans to enhance the effectiveness of the reward system in a competitive organization (31).

H5: there is significance relationship among mediating effect of Commitment on Reward System and Bank Performance. Therefore the conceptual framework as follow:

Figure 1 The Conceptual Framework of talent management and bank performance



III. CONCLUSION

The present study was to develop the conceptual frame work based on the existing literature reviews. The bottom line is that the success of an organization is dependent on talented employees and likes the task they are responsible for the needs of IR 4.0. In shot, the performance of the company is not because of intelligence Self-organization but having talented employees in their respective skills. Therefore, if

organizations or companies want to develop performance to a higher level, then one of the factors is to have some employees who have talent so that work performance can be maximized.

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