

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Investigating the Impact Relationship between Talent Management Practices and Psychological Contract Fulfilment: A Conceptual Framework Using the Moderating Role of Age and Gender

Mayada Mohamed Aly Elmeligy

Assistant Lecturer, Canadian International College (CIC), Cairo, Egypt

Dr. Mohamed Ayman A. Ashoush

Professor, Department of Human Resources Management, Cairo University, Egypt

Abstract:

The concept of psychological contract has become well-known in the field of HRM, added to Talent Management, which has become an important and emerging topic in HRM, where HR practitioners recognized its importance in understanding the employment relationship and became keen to analyse it. Since the Telecom sector, especially the private one, which is one of the biggest markets in Egypt with a large number of talents, it became important to conduct a study analysing its workforce. Therefore, this paper aims to investigate the impact of applying talent management practices on the psychological contract fulfilment in the private sector of telecom companies in Egypt with the moderating role of age and gender.

Keywords: *Psychological contract, talent management, talents*

1. Introduction

In the past few years, much research pursued Psychological Contracts (PC), their dimensions, and their consequences. It was found to be very important in understanding the employment relationship (Malik, S. Z., & Khalid, N., 2016). Employers should understand what their employees expect from their organization and fulfil these expectations, which will consequently lead to the employees' positive work attitudes and enhance the organizational performance, competition, and reputation (Festing & Schafer, 2014).

Moreover, Talent Management (TM) has become a crucial management issue in the past few years due to the appearance of the term War for Talent (Festing & Schafer, 2014). According to Pandita et al. (2018), talent is considered a main asset in any organization, as it adds an enormous value to the organization. Hence, finding talented people became one of the most important concerns that business leaders have to consider (Thunnissen et al., 2013). Although applying TM practices such as identifying, training and developing talented employees is significant to any organization as it leads to decreasing turnover rates, there is a lack of theoretical frameworks that focus on the role of applying TM practices in decreasing turnover rates (Festing & Schafer, 2014). Consequently, there has to be more attention to TM practices and PCs as the most important topics nowadays that enhance the employment relationship.

2. Literature Review

The literature review of the current paper is classified into two categories:

- Firstly, demonstrate the previous studies that address the research variables on which the proposed theoretical model of the current paper is built,
- Secondly, investigate the relationships between the research variables in the literature. Hence, it will be ended with the research propositions and the final depiction of the theoretical model.

2.1. Theoretical Framework and Hypotheses

This paper aims to investigate the impact of TM practices on PC fulfilment in the private sector of telecom in Egypt, having age and gender as moderators. In light of the current research, PC could be defined as the implicit contract that exists between employees and their employers, where these contracts specify what they expect from each other. TM practices, on the other hand, could be defined as the practices and strategies that help develop the talented employees' advancement to enhance the organizational performance positively. HR professionals should understand the importance of using TM strategies in their HR-related tasks. In the context of this research, TM is the independent variable, and PC fulfilment is the dependent variable.

2.1.1. Psychological Contract

Nowadays, the concept of PC provides HR practitioners with a useful and important key device for understanding the employees' expectations to be able to meet workplace concerns. The PC concept became an interesting topic from the perspective of both academics and practitioners (Blomme et al., 2010).

According to Denise Rousseau, the concept of PC is defined as the individuals' beliefs and the relationship between the employees and their employers is based on mutual obligations between them (Malik, S. Z., & Khalid, N., 2016). Moreover, Guest (2007) argued that the PC might be implicit or explicit, but in both cases, those promises represent the exchange relationship (Koskina, A. 2013). In the current paper, the term PC will be used as the dependent variable. The main reason behind this is that it would be very helpful to HR professionals working in the private sector of telecom in Egypt to understand what the employees expect from their organizations.

Many researchers were attracted to studying PC to understand the employment relationship, as it became a significantly important concept that had to be studied rather than applying TM practices without considering the employees' perceptions and expectations (Malik, S. Z., & Khalid, N., 2016). Blomme et al. (2010) argued that many researchers have investigated that out of all the measures of the PC, job content was found to be the most significant factor for the employees' intention to leave if it is breached, followed by the salary and hence the promotion opportunities.

According to Podsakoff et al. (2009), there are two types of psychological contract studies:

- First, the PC from the perspective of breach, violation or fulfilment, and this was a result of studying PC's prior factors, its outcomes and its moderating effect, whereas past studies mainly focused on the breach of PC and its consequences more than PC fulfilment although it is a key predictor to the talents' attitudes and reactions.
- Second, PC, from the perspective of its fulfilment and examining the consequences of this fulfilment, such as the positive change in the talented employees' attitudes, loyalty, better performance, more commitment, and fewer turnover intentions, increase their satisfaction and this will consequently lead to better organizational performance.

PC is very subjective; it mainly depends on the employee's perception, which differs according to many factors such as gender, age, experience, culture, character and many other factors. This subjectivity made it difficult to be studied or evaluated, which might lead to misinterpretations in the employment relationship. Therefore, many researchers studied PC according to its features, for example, long- or short-term, flexible or not, etc. There are two broad types - transactional and relational PCs. Transactional contract is given in a monetary value, with details in its terms and it is short-term, with a contract to a relational contract which is less defined, long-term and focuses on emotions more than monetary values (Ahmed, L., & Zafar, M. A., 2018).

The current research will try to test PC fulfilment among talents as a dependent variable in the private sector of telecom in Egypt.

2.1.2. Talent and Talent Management

TM has become one of the most important topics, not only for HRM practitioners but also for academics. Not all managers can effectively apply it. However, they can understand its importance very well. Organizations have to deal with their employees as stakeholders to motivate them and gain more sustainable performance from them, where there will be an alignment between the goals of the employees and the organizations (Collings, D. G., 2014).

Due to the War for talent and the changes in the demographics happening in the world, most organizations face demanding issues in attracting and retaining talent. According to Kravariti et al. (2020), talent is the person whose output production is higher than the rest of the employees. While Ulrich et al. (2012) defined talent as a mixture of the employees' natural drive and competencies to perform a specific task using these capabilities.

Despite the TM significance, it did not have a specific definition yet. It is a substitute for HRM. However, all the definitions of TM almost include identifying, selecting, developing, training, and retaining talents to enhance organizational performance and its competitive advantage. For example, Mensah et al. (2015) defined TM as the implementation of integrated strategies through attracting, developing and retaining talents to meet the organizational objectives, and TM should be an organizational priority.

Most of the researchers assured that TM's emergence was by the McKinsey group, whose biggest concern was the talents' supply as it is the most valuable asset to an organization. When a survey of 418 international managers was done, it was found that 80% of those managers viewed having TM strategies as a main key to competitive success, and more than 50% of them viewed that it would become of more strategic importance in the future (KPMG, 2012).

Oladapo, V. (2014) argued that TM has got five dimensions:

- Talent acquisition which is having the right employees,
- Performance management which is performing the right job,
- Training and development in the right place,
- Succession planning at the right time and
- Talent retention for the right skills and abilities

Every dimension separately plays a significant role in TM, but being together as a set of processes that would be applied by an organization gives it more significance, and when applied, the organization would identify, develop, acquire and manage the talents.

Employees' retention has become a challenge that HRs face nowadays in all sectors. According to Hughes et al. (2008), implementing TM strategies in an effective way and making sure it is homogeneously applied leads to an

improvement in recruiting and retaining talents and helps in enhancing talents' engagement and performance, leads to talents' satisfaction, which will consequently lead to achieving the organizational objectives and competitive advantage.

In the current paper, the researcher will try to test applying the TM practices among the talents as an independent variable in the private sector of telecom in Egypt. Thus consequently, based on the above-mentioned literature, the current research postulates the following proposed propositions:

- Proposition 1: Talent acquisition has a significant positive effect on PC fulfilment in the telecom sector in Egypt
- Proposition 2: Performance management has a significant positive effect on PC fulfilment in the telecom sector in Egypt
- Proposition 3: Developing and training have a significant positive effect on PC fulfilment in the telecom sector in Egypt
- Proposition 4: Succession planning has a significant positive effect on PC fulfilment in the telecom sector in Egypt
- Proposition 5: Talent retention practices have a significant positive effect on PC fulfilment in the telecom sector in Egypt

2.1.3. Age

There is more than one category for generations, where Baby Boomers are those who were born between 1946 and 1964, Generation X who were born between 1965 and 1980, Generation Y or Millennials are those who were born between 1981 and 1996, Generation Z who were born between 1997 and 2012, and finally, Generation Alpha who were born from 2012 and above (Abelson, P., 2021).

Regarding the generational differences that exist in the impact relationship of PC and some work attitudes, Lub, X. D. et al., (2016) argued that the response of different generations is different towards the PC features, for example, career development, job content, rewards and social atmosphere organizational policies. He added that elder employees (Generation X) are likely more motivated by the social atmosphere in the organization, while younger employees (Generation Y) are more motivated by job content and career development.

Simons (2009) claimed that due to the difference in the generational cohorts, there would be differences in the characteristics that would impact the employees' attitudes towards the workforce. It also might impact the desired way of communication in the organization. For example, Baby Boomers prefer face-to-face communication rather than communicating over the phone, while Generation X and Y prefer e-mails and text messages, which might cause a communication problem. Moreover, Baby Boomers might sacrifice their personal lives to achieve success, while Generation X and Y are seeking work-family balance.

According to Close (2015), TM strategies have to be more flexible to cope with the different generational groups, where Baby Boomers seek power and position, while Generation X seeks work-family life most, and finally, Generation Y seeks career development and challenges, flexible work. Younger employees could easily leave their organizations as they are less committed than the older ones.

Finally, age was found to be a significant variable in the employment relationship and intention to quit and leave the organization. Hence, in the current paper, the researcher will try to test the moderating effect of age between applying the TM and PC among the talents in the private sector of telecom in Egypt. Thus, based on the above-mentioned literature, the current research postulates the following proposed hypothesis:

- Proposition 6: Age has a significant moderating effect on the relationship between TM and PC fulfilment in the telecom sector in Egypt.

2.1.4. Gender

Gender is another moderator that will be tested by the researcher in this paper. Blomme et al. (2010) defined gender as the roles that are socially established, attitudes, activities and features that are considered by a society significant for either men or women.

Kraak et al. (2018) claimed that women are more likely to be more sensitive to the PC breach, especially the work-life balance, than men and that work-life balance is a challenge for them that, if fulfilled, will lead to enhance performance. Kraak added that many researchers found that the correlation between gender and job satisfaction is positive, where females become more satisfied when their responsibilities increase and they are much more emotional than men. Hence, gender was found to be a significant variable in the employment relationship. Therefore, the researcher will try to test the moderating effect of age between applying the TM and PC fulfilment in the private sector of telecom in Egypt in the current paper. Thus, based on the above-mentioned literature evidence, the current research postulates the following proposed hypothesis:

- Proposition 7: Gender has a significant moderating effect on the relationship between TM and PC fulfilment in the telecom sector in Egypt.

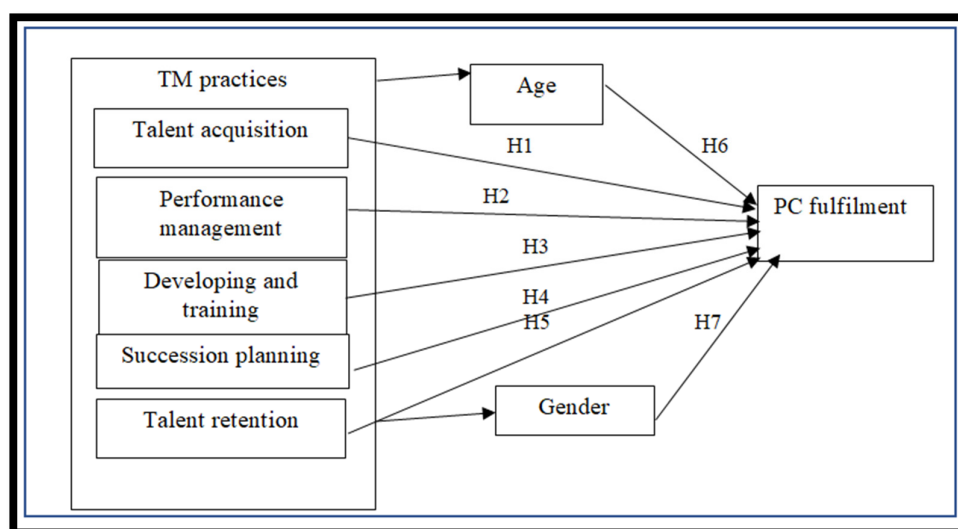


Figure 1: Theoretical Framework

In summary, the current research proposes that the five main practices of TM can impact PC fulfilment with age and gender as moderators in the telecom sector in Egypt. In addition, these impact relationships are expected to be positive in the five components of TM and PC fulfilment. Therefore, subsequently, the researchers will empirically test this theoretical framework within Egyptian telecom organizations through a new paper.

3. Conclusion

PC and TM are both recent topics of interest for both academics and practitioners in the field of HRM. As for TM, it is very important to understand the employees' perceptions and try to fulfil them rather than installing a number of practices that might not be effective from the employees' point of view. Applying effective practices might be key to retaining talented employees and impacting their attitudes positively. Thus, understanding the expectations of the talent will positively impact the workforce.

The purpose of this paper was to sort out a theoretical model that would help HR practitioners to understand the employment relationship in a better way in Egypt. Moreover, the proposed theoretical model clarified the role of age and gender among talents in moderating the relationship between TM and PC fulfilment in the telecom sector in Egypt.

4. Research Limitations and Future Research Suggestions

In fact, there are some limitations existing in the current research:

- Firstly, choosing the PC fulfilment state only and ignoring the other two states, which are breaching and violating the PC. The logic behind the researcher's choice is that PC fulfilment is the most important state that, if happens, the employees will be satisfied, which will lead to numerous positive attitudes and consequently, this will lead to enhancing the organizational performance. Moreover, this will lead to increasing their intentions to stay.
- Secondly, the researcher chose age and gender only as two moderators.

However, there were more than those two factors that would have been taken, such as: experience, education level and marital status, and the logic behind this choice was that age and gender were the two most variables that affected the relationship between TM and PC in the literature.

5. Research Implications

Although it is an important key in talent retention, the research conducted on TM is relatively scarce. PC is an important topic that has to be studied well to know what the expectations of the talents to fulfil them are. Therefore, HR professionals should consider those expectations while adopting TM practices. This paper sheds light on these TM practices in Egyptian telecom organizations. Moreover, age and gender have to be considered while developing those TM practices as they will affect PC fulfilment.

6. References

- Ahmad, I., & Zafar, M. A. (2018). Impact of psychological contract fulfillment on organizational citizenship behavior: Mediating role of perceived organizational support. *International Journal of Contemporary Hospitality Management*.
- Blomme, R. J., Van Rheede, A., & Tromp, D. M. (2010). The use of the psychological contract to explain turnover intentions in the hospitality industry: A research study on the impact of gender on the turnover intentions of highly educated employees. *The International Journal of Human Resource Management*, 21(1), 144-162.
- Collings, D. G. (2014). Toward mature talent management: Beyond shareholder value. *Human Resource Development Quarterly*, 25(3), 301-319.

- iv. Festing, M., & Schäfer, L. (2014). Generational challenges to talent management: A framework for talent retention based on the psychological-contract perspective. *Journal of World Business*, 49(2), 262–271. KPMG. Integrated reporting: performance insight through better business reporting. Issue 2. 2012.
- v. Kraak, J. M., Russo, M., & Jiménez, A. (2018). Work-life balance psychological contract perceptions for older workers. *Personnel Review*, 47(6), 1194–1210.
- vi. Kravariti, F., & Johnston, K. (2020). Talent management: A critical literature review and research agenda for public sector human resource management. *Public Management Review*, 22(1), 75–95.
- vii. Malik, S. Z., & Khalid, N. (2016). Psychological contract breach, work engagement and turnover intention. *Pakistan Economic and Social Review*, 54(1), 37–54.
- viii. Oladapo, V. (2014). The impact of talent management on retention. *Journal of business studies quarterly*, 5(3), 19.
- ix. Pandita, D., & Ray, S. (2018). Talent management and employee engagement—a meta-analysis of their impact on talent retention. *Industrial and Commercial Training*.
- x. Podsakoff, N. P., Whiting, S. W., Podsakoff, P. M., & Blume, B. D. (2009). Individual-and organizational-level consequences of organizational citizenship behaviors: A meta-analysis. *Journal of Applied Psychology*, 94(1), 122.
- xi. Thunnissen, M., Boselie, P., & Fruytier, B. (2013). A review of talent management: ‘infancy or adolescence?’ *The international journal of human resource management*, 24(9), 1744–1761.
- xii. Ulrich, D., & Smallwood, N. (2012). What is talent? *Leader to leader*, 2012(63), 55–61.