

**TALENT RETENTION STRATEGIES,
ORGANIZATIONAL COMMITMENT AND
INTENTION TO STAY IN COMMERCIAL
BANKS IN MALAYSIA: THE MODERATING
ROLE OF PERSON-ORGANIZATION FIT**

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By

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LIST OF ABBREVIATIONS

ABM	Association of Banks in Malaysia
AC	Affective Commitment
BNM	Bank Negara Malaysia
CC	Continuance Commitment
CDS	Career Development Support
Comm	Communication
FMB	Financial Mediation Bureau
HCD	Human Capital Development
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resource Management
IBBM	Institut Bank-Bank Malaysia
ITS	Intention to Stay
MNC	Multinational Companies
NC	Normative Commitment
OC	Organizational Commitment
PEFT	Person-Environment Fit Theory
P-O fit	Person-Organization fit
PS	Pay Satisfaction
SET	Social Exchange Theory
SS	Supervisor Support
TM	Talent Management
TO	Training Opportunities
TRS	Talent Retention Strategies

**STRATEGI PENGEKALAN PEKERJA YANG BERBAKAT,
KOMITMEN ORGANISASI DAN KEPUTUSAN PEKERJA UNTUK
TERUS KEKAL UNTUK KERJA DI BANK PERDAGANGAN DI
MALAYSIA: PERANAN KESERASIAN INDIVIDU-ORGANISASI
SEBAGAI ‘MODERATOR’**

ABSTRAK

Kajian ini bertujuan untuk meneliti kesan akibat strategi pengekalan pekerja yang berbakat (komunikasi, sokongan penyelia, peluang latihan, sokongan pembangunan kerjaya and kepuasan gaji) terhadap keputusan pekerja untuk terus kekal untuk kerja. Komponen komitmen organisasi (komitmen afektif, komitmen berterusan dan komitmen normatif) di kaji sama ada memainkan fungsinya sebagai medium pengantara di antara strategi pengekalan pekerja berbakat dengan keputusan pekerja untuk terus kekal berkerja. Tambahan lagi, kajian ini juga menganalisa keserasian individu-organisasi sebagai ‘moderator’ dalam mempengaruhi hubungan di antara komitmen organisasi (melalui tiga komponennya) dengan keputusan pekerja untuk terus kekal untuk kerja. Kajian ini dilakukan terhadap 405 pengurus dan pegawai yang kerja di 27 buah bank perdagangan di Malaysia. Kajian ini di bina dan di selidik atas dasar teori pertukaran sosial dan teori keserasian individu-persekitaran. Data yang dikutip di analisa menggunakan dua alat statistik iaitu ‘SPSS’ dan ‘SmartPLS’. Keputusan kajian statistik menunjukkan bahawa dimensi strategi pengekalan pekerja berbakat tidak menunjukkan hubungan yang signifikan terhadap keputusan pekerja untuk terus kekal untuk kerja. Di samping itu, komitmen afektif memberi kesan pengantara dalam mempengaruhi perhubungan di antara komunikasi, sokongan penyelia dan kepuasan gaji terhadap keputusan pekerja untuk terus kekal untuk kerja. Manakala, keserasian individu-organisasi tidak memainkan

peranannya sebagai ‘moderator’ di antara ketiga-tiga komponen komitmen organisasi dengan keputusan pekerja untuk terus kekal untuk kerja. Kajian ini penting kerana ia dapat membantu industri perbankan untuk merangka strategi yang mantap untuk mengekalkan pekerja untuk suatu jangkamasa yang panjang dan memberikan sumbangan intelektual kepada badan ilmu pengekalan pekerja. Kesimpulannya, adalah kritikal untuk bank perdagangan memahami pentingnya pengurus dan pegawai dikekalkan untuk suatu jangka masa yang panjang agar dapat membantu di dalam mentransformasikan organisasi dan prestasi syarikat demi kebaikan pekerja dan syarikat.

**TALENT RETENTION STRATEGIES, ORGANIZATIONAL
COMMITMENT AND INTENTION TO STAY IN COMMERCIAL
BANKS IN MALAYSIA: THE MODERATING ROLE OF PERSON-
ORGANIZATION FIT**

ABSTRACT

The purpose of this research is to examine the effects of talent retention strategies (communication, supervisor support, training opportunities, career development support and pay satisfaction) in predicting intention to stay. Components of organizational commitment (affective commitment, continuance commitment and normative commitment) has been postulated to mediate the relationship between talent retention strategies and intention to stay. Additionally, person-organization fit has been explored as a moderator between organizational commitment and intention to stay. The survey was conducted among 405 managers and officers who works in 27 commercial banks in Malaysia. In essence, the research has built a framework based upon social exchange theory and person-environment fit theory. The data collected was analyzed using SPSS and SmartPLS statistical tools. The results showed that not a single dimension of talent retention strategies were significantly related with intention to stay. Nevertheless, the affective commitment was justified to mediate the relationships between communication, supervisor support and pay satisfaction with intention to stay while person-organization fit was not a significant moderator. This study is important because the results of the study will help the banking industry to enhance their retention policy and make contributions to the body of literature on intention to stay. In a nutshell, it is crucial for the commercial banks to retain their managers and officers to help in the

organizational transformation process and organizational performance; and towards sustainability for the benefit of the employees' and company.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter provides an overview of the background of the study, the problem statement, research objectives and questions, the scope of the study and the research significance of the study. Definitions of key terms are also given at the end of this chapter.

1.1 Background of the Study

The service industry involves the provision of services to business as well as final consumers where no goods are produced includes: government, healthcare/hospitals, public health, waste disposal, legal services, consulting, news media, casinos, tourism, retail sales, franchising, real estate and banking services. Service sector contributes almost 56.2% of the nation gross domestic product and becoming more important due to changes in the technology and globalization (Department of Statistics and Ministry of Finance, 2014). According to Asian Development Bank (2013), Malaysia has a total employed labor of 12.7 million, out of which 69.3% were employed in the service sector, 18.1% in the manufacturing industry and 12.6% in the agriculture. Contributions of service sector are crucial in Malaysia because percentage of labor in the service industry in Malaysia is high if compared to other ASEAN countries, except Singapore, 85.5%, Indonesia, 50% and Thailand, 46.2%.

Malaysia in the past 50 years has experienced a substantial economic transformation, moving from a source based economic using primarily land, labor (1957 to late 1970's) to a production and service oriented economy in which the key

element were infrastructure, labor and capital (1980's to 1990's) (Pusat Maklumat Sains and Teknologi, Malaysia (MASTIC), 2010). There is a need to shift the resource based and production based economy to a sustainable economy in which knowledge and know-how are the main drivers for economic growth (1990's to 2020 and beyond). This shift has led to innovation-based economy that emphasizes knowledge in all segments of the system including human capital. Economic transformation depends on human who is acknowledged as the key enabler, scarce resources that must be managed to the fullest effect, drive and provides support to the economy.

Thus, employee's knowledge, skills and abilities can often represent significant sources of competitive strength (Zheng et al., 2008). Importance of human resources touch points in the banking industry cannot be denied and retention strategies have certainly played an important part due to the competition among banks to keep the best talent available (Asian Development Bank (ADB), Key Indicators for Asia and the Pacific, 2013).

The human capital agenda is important as Malaysia embarks upon its journey towards a high income nation. This journey will require Malaysia to significantly strengthen the domestic human capital base, which is too narrow to meet the current demand and will likely fall short to an even greater extent as growth becomes more skill-intensive (Zheng et al., 2008). Developing and retaining human capital domestically will be one of the important objectives (Malaysian Productivity Corp. (MPC), 2012). The availability of such capital will support Malaysia's economic strategy by moving up the value chain of the transformation from an input-driven to a productivity-driven growth.

It is important for companies to leverage on their employee's to optimize their workforce through comprehensive development programs not only to achieve business goals, but also most importantly, survive and thrive for years to come. In the past, employee's used to be one of the fixed costs for most organizations, but now human power has become a capital of business investments. Managing capital investments is one of the most difficult tasks and needs a very good strategy to be effective. Employee being the most important aspects of any organizations and needs a particular attention, especially when it is facing a scarcity of skilled employees. Participating in today's global competition for talent requires developing Malaysia into a location of choice, where people want to live, work, raise a family and retire. Given the expanded set of options available in today's globalized world, the talent may be choosing a location first, before they choose a job. As a result, the source of competitiveness has become increasingly tied to the quality of life considerations and the ability of the region to attract this talent.

Commercial banks need to be strong and consistent as it represents the financial stability of the country. As competition intensifies, the needs of the banking institutions to attract and retain talents will become more urgent and critical. Costs incurred due to employee turnover are not only monetary, but also non-monetary, i.e. loss of knowledge and skills, loss of productivity and new competitive pressures. Furthermore, not only the organization suffers, but also the employees' themselves, in terms of loss of seniority, experience, stress, readjustment and uncertainty (Kodwani & Kumar, 2004).

Firms need to compete for the best talent (Zheng et al., 2008) due to continuous growth and expansion, as a result of global demographics, economical, cultural, business trend and social changes. Globalization and fierce competition, rapidly and

irreversibly changing the way business and policies are conducted, forcing firms to look again and re-examine the retention strategy to help organizations sails through during tough times. In light of greater and more sophisticated types of exposures/risks assumed by the service industry, coupled with competitive environment, a significant focus on the topic of intention to stay is expected. Intention to stay is an effort to retain individuals, i.e. talent, a proactive method to stop the drain of a company's profit caused by excessive turnover (Holtom et al., 2005). In the past two decades, scholars have dedicated a substantial amount of efforts to study the relationship between talent retention strategies and intention to stay (Chaminade, 2007). Organizations irrespective of their type and nature are concerned with intention to stay, since it has direct implications for organizational performance and effectiveness (Blaauw et al., 2013; Kim et al., 1996).

Government of Malaysia is very concerned about the issues hampering the supply of talent and since the year of 2010, the government has been trying to woo back talent and has embarked on a comprehensive range of structural reformation to address them. Malaysian Prime Minister, Dato Seri Najib is very concerned as Malaysia desperately needs talent's expertise, in moving forward to achieve a status of a developed nation by 2020 (The Sun, 18/3/2013). As said by the former Prime Minister, YABhg. Tun Dr. Mahathir Mohamad, our transformation should be shaped and developed by our people and not outsiders (www.talentcorp.com.my. Accessed on December 27, 2013). So, employers are fighting to maintain talent in order to maintain a prosperous business as human capital are tied to the intangible assets (knowledge, experience and skill) that are valuable to the firms.

To meet the talent demand of tomorrow, we need to enhance our ability to attract, nurture and retain the talent that is available today. Talent Corporation

Malaysia Berhad (TalentCorp. Inc.), an agency which is responsible for sourcing global talent to fill skill gaps and delivers a quality human capital that Malaysia critically needs (www.talentcorp.com.my. Accessed on December 27, 2013). As a nation, Malaysia need to build a workforce that is talented, committed, motivated, performing and producing. Since performers are most likely to possess the knowledge, skills and experience necessary to contribute to the overall success of an organization, the focus in this study is with the intention to stay among managers and officers in the commercial banks.

The global economy has created a more complex and dynamic environment in which most firms must learn to compete effectively to achieve sustainable growth. Workforce around the world has become larger, increasingly diverse, more educated and more mobile (Briscoe et al., 2009). This global environment has not only changed the way business was conducted, it has also created the need for organizations to manage their workforce in a global context (Briscoe et al., 2009). It is an accepted truth that voluntary turnover will happen and companies need to devise a suitable retention strategy to curb the unprecedented voluntary turnover from affecting organizational performance and sustainability (Collings & Mellahi, 2009).

The objective of each organization is to meet the needs and requirements of its stakeholders, ensuring the survival of the organization. Employees need to be treated as more than passive recipients of change which they need to be involved, understand the need for change, what is their role in the process, what is expected of them and provide a mean to contribute and influence the process. If employees feel that the company treats them fairly well, the workers will feel that they are responsible to keep working hard for their companies (Eisenberger et al., 1990; Blau,

1964). Satisfied employees exhibit more dedication in delivering a good job, more committed and stay much longer (Allen & Meyer, 1990).

If the company performs well, revenues/sales improves, profitability increases, staff will enjoy extra benefits such as an increase in pay, as a result, job satisfaction may increase and the tendency for the employee to leave the organization is reduced due to higher commitment (Allen & Meyer, 1990). Intention to stay is crucial in commercial banks, in order for the bank to perform, sustain and grow (Malik, 2011). Talent seems to have become one of the key words on the business agenda research, which found that talent management directly contributes to increased organizational effectiveness and profitability, leading to as much as a 15.4 percent advantage in shareholder's return (Michaels et al., 2001). As success of the service sector is depending upon the human capital, i.e. people, so organizations need to grow fast, efficient, profitable, flexible, adaptable and future ready (Ziad et al., 2012; Daft, 2008; Takeuchi et al., 2007; Lopez-Cabrales et al., 2006; Kaye & Vultaggio, 2004; Schuler, 2000; Cascio, 1998; Wright et al., 1994; Dessler, 1991).

The demand and competition for highly skilled labor is intensifying on a global level (Frank & Taylor, 2004). Organizational success is increasingly associated with identifying, recruiting, managing and retaining high performers or talented individuals to meet the present and future demands of an organization. A limited talent pool means that service firms have to compete not only with one another, but also with increasingly rejuvenating search for the best people (Connie, 2009). If management overlook on these matters, results may include lower performance and large outlays in turnover expenses (O'Connor & Fiol, 2004). Organizations need to critically analyze their employee's intention to stay and their effects on the bottom line from the loss of knowledge. Since organizations can identify these types of costs

associated with the loss of specific professional knowledge, it would seem apparent that their focus would be on the intention to stay to keep the professional knowledge within the organization (Bufe & Murphy, 2004).

Retaining talent is a primary concern for commercial banks. Workforce trends point to an impending shortage of highly skilled employees who have the requisite knowledge and ability to perform at the highest levels (Bufe & Murphy, 2004). Retention is a critical element of an organization's general approach to talent management, which is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved process for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Lockwood, 2006).

Services come only from people and for success of service organizations, retaining quality employees has become very important (Zheng, 2009; Budhwar et al., 2009). Sustainability is a key in today's business full of fierce competition and for that company needs to consider an added value of each employee. A business with a well informed plan and proactive approach to strategic workforce planning will certainly have a favorable competitive edge (BNM Annual Report, 2000). Intention to stay has been widely seen as a solution for the challenge faced by human resources in today's labor market (Lewis & Heckman, 2006). A particular strong case can be made for an organization being talent critical when its talent is counted on to provide a hard-to-duplicate types and levels of performance (Rajnish & Saniya, 2012; Kavitha et al., 2011).

The focus of this thesis is on the intention to stay among the managers and officers in the commercial banks in Malaysia. While intention to stay can be compared to 'employee's intention', turnover can be looked upon as 'employee's

action'. So, by rule of thumb, by focusing on the intention to stay, possibilities are that the voluntary turnover might be reduced. The higher the employee's intention to stay, of course, the lesser will be the turnover intentions. In commercial banks, managerial and officer's level is regarded as more experienced and knowledgeable. This group of people has the potential to lead, manage and have the required skills and experience to shoulder higher responsibilities while discharging their duties in performing the job. Hence, it's important to focus on their intention to stay because by doing so the performance and durability or sustainability of commercial banks can be improved as the number of people who walks out shall be reduced.

1.2 Problem Statement

Intention to stay in the workplace is getting more prevalent as employees are getting more demanding from their employment relationship. Despite intense competition for talent, organizations have failed to identify ways to increase the intention to stay (Pfeffer, 1995). Organizations around the globe are constantly facing a high number of voluntary quits (Memon et al., 2014; Memon et al., 2014). It is therefore imperative for human capital managers to understand the basic tenets that lead towards nurturing talent in an institutional setting (Pfeffer, 1995). Significant concerns have been raised in the business community about its increasing difficulty of retaining good staff at the executive levels (Michaels & Rothwell, 2000). It has been noted that high voluntary turnover hampers the strategic objectives of organizations and becomes a severe threat to their competitive advantage.

The competitive labor market and low unemployment rate in Malaysia may have induced employees to job-hop (Choi et al., 2012). The rising trend of job-hopping can be witnessed through the increased employee turnover rates in Malaysia

from 10% in 2009 to 15.9% in 2011 in a mere two years (Goh, 2012). According to former Malaysian Human Resources Minister Datuk Seri Dr S. Subramaniam, the issue of job-hopping among employees is getting serious (New Straits Times, 2012) indicating the escalating intention to stay problem in Malaysia especially in the private sector. Therefore, the importance of intention to stay should not be neglected by employers (Goh, 2012).

Although both academicians and practitioners believe that human capital is the most valuable asset to an organization, the retention of talent has always been one of the major challenges (Boswell et al., 2008). An interview was conducted with Encik Abdul Rahim, Business Relationship Manager, Human Capital (Northern Region of Maybank Bhd.). Kindly refer to Appendix V. According to Encik Abdul Rahim Bin Mohd Arif, retaining managers and officers have never been easier and management does face a lot of challenges in retaining managers and officers due to their talents and competition among banks (local and foreign) to recruit the best performing staff (Association of Banks in Malaysia (Annual Report, 2013)).

Managing good and professional staff has never been easier (Briscoe et al., 2009). Failing to retain them may result in deterioration in service delivery to the customer because this group possess certain levels of expertise and knowledge in the banking industries that other category of staff (clerical/teller) do not possess. According to Encik Rahim, managers and officers need to be retained in order for the unit to survive and exhibit productivity and sustainability in the long run because they are not easily replaceable if compare to the clerical/teller.

In a commercial bank, intention to stay is critical as talent is needed in delivering excellent service quality because the employee's is the backbone in delivering service to the customer (Dyne et al., 2002). Low intention to stay will

possibly result in lack of staff, less manpower which will have an impact on the productivity and decrease in customer service quality (Hancock et al., 2013). Furthermore, lack of intention to stay might lead to the remaining managers/officers in the branch to carry more workload/responsibilities towards managing their work and their immediate employee's. As a result, they may not be able to fully focus on giving their best service to their customers. Poor customer service is bad for commercial banks as the customer may just walk to the competitors as long as they get what they want. For instance, shortage of managers/officers might delay certain workflow such as overriding, checking and verifying transactions, processing/signing documents, interviews, site-visits, keying-in data in system and more. Organizations should focus on a best fit employee, aiming for zero defects and zero wastage. Mistakes can be minimized by ensuring to deliver a quality service. All the employees' should be performing and there should not be any idle workers around.

Higher turnover means that banks will have lesser people which could affect productivity because banks have less people to do the same level of work. Lower intention to stay will have an impact on customer service due to the lack of staff, lack of expertise, knowledge and ability (Frank et al., 2004). It might take a while before commercial banks start looking for a replacement. It is not easy to replace a talent from a limited pool of talent (White, 2009). Furthermore, new employee might need some time to learn and adapt into the company's way of doing work or culture (Herman, 2005).

Commercial banks are service oriented and their service is judged by their customer's. Thus, it is very important for them to minimize or keep the lowest number of complaints against them. The customer complaint against the commercial

banks is high and it is not good for the future of the banking industry in Malaysia (IBBM, 2010). Complaints signify weaknesses in the banking operational management, mostly due to the operational errors and banking sector needs to be minimized it, otherwise might lead to losses to the commercial banks (IBBM, 2010). Most of the complaint cases received are due to the basic operational banking and lapses in performing transactions being requested by customers such as insurance claims, credit/debit/charge cards, cheques, loans financing, hire purchase, Automated Teller Machines (ATM) - short/non-dispensation of cash/unauthorised withdrawal of cash, internet banking, cash deposit via Cash Deposit Machine (CDM)/Over the counter, fixed deposit/savings accounts, remittances, shares/unit trust, structured/investment linked products/bancassurance, fraud cases involving credit cards, ATM cards, charge cards, debit cards and cheques (FMB Annual Report 2014).

Table 1.1 shows the statistics of complaints receive by the Financial Mediation Bureau. The Financial Mediation Bureau (FMB) was incorporated on 30th August, 2004 and officially commenced operations on 20 January, 2005. It is a company limited by guarantee. FMB is a non-profit organisation set up by Bank Negara Malaysia (BNM) as an alternative avenue to resolve complaints between the Financial Service Provider (FSP) and the customer, without having to go to court. FMB prides itself on being fair and independent in handling disputes with the FSPs, which are under the supervision of BNM, in banking (conventional and Islamic) and insurance/takaful related disputes. Its vision is to be an independent, well respected and renowned organization for providing fair, impartial and timely mediation to the consumers of services in the financial services industry. Its mission is to provide free, effective and prompt resolution of disputes, claims and complaints arising from

services provided by financial service providers (which presently comprise the commercial banks, Islamic banks, insurance companies, takaful operators and card issuers); to deal with all the disputes, claims and complaints in an independent, impartial and fair manner; endeavour to dispose off all disputes, claims and complaints within three calendar months from the date they receive the required complete documentation for each of the disputes, claims and complaints referred to them by the consumers.

Table 1.1 Number of complaints received for period of 2012 - 2014

Years	Number of Complaints Received	% Increase/Decrease
2012	13,925	-
2013	15,142	+8.74%
2014	13,190	-12.89%
Average Number of Complaints Received from 2012 to 2014 is 14,086		

Adapted from FMB Annual Report (2012, 2013 and 2014)

Table 1.1 shows that the numbers of complaints received since 2012 till 2014. Highest number of complaints was recorded in year 2013 (15,142), while the lowest was in year 2014 (13,190). Thus, average number of complaints received for period of 2012 - 2014 was 14,086. This trend shows that commercial banks need plenty of improvement in their service delivery and focusing on talent retention strategies might offer a solution by keeping their managers and officers within their companies for a longer period of time because it could ensure the availability of sufficient talents. Past studies have shown that the lack of talent will lead to poor service delivery because with lesser employees' banks still need to serve their customer whom will certainly expect the same or better level of service (Hancock et al., 2013). In addition, poor service delivery can lead to customer complaint (Tax et al.,

1998; Singh & Wilkes, 1996) and decrease in profit margins (Zeynep & Huckman, 2008).

Intention to stay becomes important also partly due to mobility factor as employee's can choose among commercial banks due to globalization and liberalization in the financial sector. Intention to stay must be taken seriously as the arrival of foreign banks will certainly add drastic changes and improvements in the service delivery. Service delivery in the context of commercial banks means how customer's are being served or treated. In business, where the underlying products have become a commodity like, quality of service depends heavily on the quality of its personnel. The challenge is that the diversification of products and services offered by the commercial banks is generally similar to those offered by other banks (Misbach et al., 2013; Sardjono et al., 2012; Ismal, 2011).

In this sense, Pappas and Wooldridge (2007) argue that the managers have a significant role in improving the products offering so as to be different from the competitor. According to Ismal (2011), managers need to be involved in the adoption of banking products because their role is pertinent in putting initiatives to differentiate their product offering to the public. Importantly, they have to be accountable for the effectiveness of the strategic execution of the commercial banks undertakings.

Because of this, organizations competing in a similar market niche are compelled to assess the quality of the service they provide in order to attract and retain their customers. The interactive nature of service delivery puts service employees' in a very critical role in delivering a quality service (Zeithaml & Bitner, 2000). In banking, quality is a multi-variable concept, which includes different types

of convenience, reliability, service portfolio and critically, the staff delivering the service.

The banking industry is highly competitive, with banking institutions not only competing among each other, but also with non-bank and other financial institutions (Hull, 2002; Kaynak & Kucukemiroglu, 1992). The presence of foreign financial institutions is expected to add to the diversity of the financial service industry. As globalization and liberalization of financial institutions accelerates, competition among banks in offering competitive products and services becomes more intensified.

Commercial banks need to rethink their strategy for radically improving workforce productivity to drive higher values of the organization, marketing plan and strengths in view of the underlying trends reshaping the market due to reorganization and internalization, to adapt to a new competitive landscape and leverage on technology. A large number of papers investigate the impact of such financial liberalization on financial and economic development and the impact of foreign banks' entry on domestic banks (Mathieson & Roldos, 2001). The entries of foreign banks plus rationalization of the local banks will certainly intensify the competition among banks. Commercial banks must re-look at their existing strategies to keep pace with the changes happening around them. In other words, today's local banks are not only competing among themselves but with foreign banks to retain their best available staff. When firms apply human capital practices that respond to their external environment and leverage internal capabilities, they can achieve superior performance (Ziad et al., 2012; Huselid, 1995; Lado & Wilson, 1994).

A number of studies have found that retention practices affect the behavior and attitudes of employees' (Pugh & Dietz, 2008; Edgar & Geare, 2005). Talent retention

strategies will ensure that with the existing employees' in place, with the right combination of human resource policies and procedures which is relevant towards leading to a better intention to stay. Human capital is of little economic value unless it is deployed in the implementation of the organization's strategic intent (Becker & Huselid, 1999). Success of service organizations such as commercial banks often depends upon the performance and effectiveness of its employees (Ohly & Fritz, 2010). By tying up with company's objectives, human capital gain momentum and add value to the employee performance and productivity. Researchers figured out that increasing the employee's development activity such as training opportunities will lead to an increase in the productivity and performance of an organization due to a higher intention to stay (Delery & Doty, 1996).

The service employees' are a key source of many firm's success stories and gives a competitive advantage (Pfeffer & Fong, 2005) through human resource management practices leading to improvement in productivity which are significant towards higher performance (Lawler, 2008). For an organization to successfully retain their competency levels, human capital enhancement is a solution they may want to look into (www.bnm.gov.my. Accessed on December 27, 2013). Organizational effectiveness is largely dependent and about how well the human resource is being utilized by the organizations (Rothmann et al., 2002). Company that closely coordinates their business strategy and human capital management practices achieve better performance if compared to company that do not.

In today's environment, it becomes very important for commercial banks to retain their employees. It is not only the cost incurred by a company that emphasizes the need of retaining employees, but also the need to retain talented employees from getting poached due to weak company loyalty and a better job opportunity elsewhere

(Meyer & Allen, 1991). Commercial banks must understand the critical strategic implications of losing their best people, if not the organization will lose them in the long run (Gurumani, 2010).

Intention to stay will benefit an organization as the unnecessary turnover costs organizations huge expenses. Regardless of the actual dollar figure, replacement and training expenses have a direct impact on organizational costs, productivity and performance, and as such, an increasing number of organizations are now recognizing talent retention strategies as a solution and key strategic issue (Glen, 2006). Moreover, low intention to stay rates has great implications not only for the quality, consistency and stability of the services provided to the customer in need, but also for the working conditions of the remaining staff, e.g., increased workloads, disrupted team cohesion and decreased morale (Coomber & Louise, 2007; Hayes et al., 2006).

Undeniably, the loss of talent creates financial constraints (Juhdi et al., 2013). This study is important because the costs of general employee turnover are significant, ranging from 100% to 150% of a person's base salary, including separation costs, replacement costs associated with hiring, loss of productivity (Huang & Cheng, 2012; Abbasi & Hollman, 2000) and development cost due to the scarcity of talent (Cohen & Golan, 2007; Holtom et al., 2005). These costs typically include advertising, headhunting fees, resource management, imbalance in the work, and staff training and development costs for new entrants (Allen et al., 2010). According to Bitzer (2006), the cost incurred in each voluntary movement is equivalent to approximately 25% to 33% of the annual salary of each of the individuals who leave, while replacing professional employees can cost as much as 18 months salary, a factor capable of causing large firms to spend tens of millions of

dollars annually on replacement costs alone which is unnecessary and avoidable only if management start focusing on retention strategies (Drizin & Schneider, 2004).

Lifetime employment within one organization is becoming non-existent (King, 2004) and employees are experiencing frequent transitions during their working lives for better opportunities. Statistics show that due to increasing job mobility, workers changes an average of six employers over the course of a career (O'Neal, 2005) and the median tenure of workers across industries is approximately five years only (Cappelli, 2008). If the organization did not start focusing on intention to stay, the tendency that its employees may leave or walk out are very high which may lead to brain drain and talent scarcity, further might bring damage to the stability of the firms. One of the major impacts of today's organization for not recognizing the importance of intention to stay is brain drain (a person who has the intention of holding permanent employment in a country other than the one in which they are educated). If indeed there has been and continues to be an exodus of talent as the quote above suggests, the brain drain could well be a major stumbling block in the Malaysian journey towards high income nation. Indeed, the outflow of talent does not seem to square with what is needed domestically such as skill, entrepreneurial and creative labor force that helps propel value added.

Intention to stay is a common phenomenon which most organizations are facing today, regardless whether they like it or not. It is becoming very obvious that intention to stay is one of the most pressing issues today. As the baby boomers generation starts to leave the workforce in a significant amount, many businesses are facing the prospects of a sizeable proportion of departures in the coming years (Guilford, 2000). Evidence suggests that it is proving very difficult for the organizations to find suitably qualified and experienced replacements for employees

who leave (Shields & Ward, 2001). Since past job-hopping behaviors also indicate a historical lack of commitment to employers, employees who have a track record of job hopping are also more likely to have lower intention to stay if they are uncommitted to their current employer (Meyer & Allen, 1991).

Banks certainly needs talent to perform and shine. A company's success becomes increasingly dependent on the knowledge, skills, abilities and relationships of its employees. An employee who leaves usually takes with them their 'know-how', thus the company risks a potential loss of confidential information to the competitors (Frank et al., 2004). Another, more insidious costs of turnover involve the sharing of a company's method, technology and clients with competitors who may have hired the employees (Frank et al., 2004).

This study is important because the competition for talent, scarce resources between organizations is becoming stiffer and employers struggle to retain their talents due to a general shortage of experienced candidates and aggressive recruitment tactics by others in the highly competitive era (Akingbova, 2000; De Young, 2000). Talent retention strategy is important because talent is imperative to the livelihood of an organization (Lawler, 2008). The implications of this for the banks that wish to retain its employees are obvious. It must know the market, whom its' competitors are, what those competitors are offering and how it can gain a competitive advantage over competitors' when it comes to talent retention strategy.

Commercial banks cannot be closed. Even if it needs to happen, then it will be the last thing happening in any country which is the recipe for the collapse of the entire economic system. Commercial banks should focus on intention to stay as a long term solution for improving turnover, keeping their talents for so long as possible. Commercial banks role in the economic system cannot be denied in

providing smooth and consistent financial services and also its indirect support to the country's growth. Commercial banks, which failed to recognize the needs for change, run the risk of losing out and becoming irrelevant in the long run as a working environment becomes more complex, dynamic and unpredictable (Veliath & Fitzgerald, 2000).

Understanding the work-related antecedents to turnover intention may help organizations to improve the work environment to the desired level in order to enhance retention. Therefore, turnover intention deserved research attention because it is a direct antecedent and a proxy for actual turnover behaviour. In a nutshell, intention to stay is the conscious and deliberate efforts to retain talent because the need for sustainability is reshaping the business landscape and will continue to do so.

1.3 Research Objectives (ROs)

The main objectives of the study is to have a better understanding of the impact of talent retention strategies on intention to stay among managers and officers employed in commercial banks in Malaysia. In so doing, the study will focus on the following three research objectives:

RO1: To investigate the relationship between talent retention strategies and intention to stay.

RO2: To investigate the mediating effect of organizational commitment between talent retention strategies and intention to stay.

RO3: To investigate the moderating effect of person-organization fit between organizational commitment and intention to stay.

1.4 Research Questions (RQs)

This study aims to investigate the impact of talent retention strategies on intention to stay. Given the research background, this study will be guided by the answers of the following research questions. Therefore, this study attempts to answer the following questions:

RQ1: Does talent retention strategies positively and significantly related to intention to stay?

RQ2: Does talent retention strategies positively and significantly related to organizational commitment?

RQ3: Does organizational commitment positively and significantly related to intention to stay?

RQ4: Does organizational commitment mediates the relationship between talent retention strategies and intention to stay?

RQ5: Does person-organization fit moderates the relationship between organizational commitment and intention to stay?

1.5 Scope of the Study

Financial institutions are defined as a commercial bank, a private banker, an agency or branch of a foreign bank, any credit union, a broker or dealer registered with Securities and Exchange Commission, a broker or dealer in securities or commodities, an investment banker or investment company, an insurance company, a loan or finance company, a travel agency, including any person who engage as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally

outside of the conventional financial institution system (Financial Services Act, 2013).

Basically, financial institutions, is an entity that focuses on dealings with financial transactions, such as investments, loans and deposits. Conventionally, financial institutions are composed of discount houses, money brokers, commercial banks, finance companies, trust companies, insurance companies, merchant banks and investment dealers. A financial institution provides services such as deposits, business loans, auto loans, mortgage and basic investment products such as savings/current account and fixed deposits (Financial Services Act, 2013).

The principal objects of the bank are to promote monetary and financial stability conducive to the sustainable growth of the Malaysian economy; ensuring effective and efficient financial intermediation; and contributing towards economic growth and development (Bank Negara Malaysia (Annual Report, 2014)).

This research focuses on the commercial banks in Malaysia. The main functions of the commercial banks are as follows:-

(a) Retail banking services such as the acceptance of deposit, granting of loans, advances and financial guarantees; (b) Trade financing facilities such as letter of credit, discounting of trade bills, shipping guarantees, trust receipts and bankers acceptances; (c) Treasury services; (d) Cross border payment services; (e) Custody services such as safe deposits and share custody; and (f) Authorised to deal in foreign exchange and are the only financial institutions allowed to provide current account facilities. Commercial banks is an institution which accepts deposits (current, saving and fixed deposit), makes business loans and offers banking related services. This institution is run to make a profit and owned by a group of individuals/institutions, yet some may be members of the Federal Reserve System.

While commercial banks offer services to individuals, they are primarily concerned with receiving deposits and lending to businesses (Bank Negara Malaysia (Annual Report, 2014))

Commercial banks remain the biggest chunks of all, about 50% of the number of institutions, about 84% of the office networks and represents about 85% of the total employees' (Bank Negara Malaysia (Annual Report, 2011)). In Malaysia, 16.06% (1.9 million) employed are in the service industry in 2010, while employed person in the financial institutions and insurance is quite significant which is 305,200 or 2.74% of employed person (11.1294 million) (Statistical Department of Malaysia, 2011). Out of 305,200 (number of employed people in the financial institution and insurance), a total of 103,089 or 34% are engaged in the commercial banks. This significant number of employed person in the commercial banks makes human capital contribution an important issue that needs to be taken seriously. Human capital plays a critical role in the growth and development of the financial sector. Investments in human capital are instrumental in shaping the improvements to the financial services industry where knowledge, skill, competencies and capabilities have become key strategic drivers of productivity, competitiveness and growth.

Commercial banks contributions to the nation's economy among others are;

1. Mobilizing saving for capital formation by introducing variety of deposit schemes to suit the needs of individual. By mobilizing savings, the banks channelise them into productive investments. Thus, they help in the capital formation of a developing country;
2. Provide financing (short-term, medium-term and long-term) to industry. Thus, they not only provide finance for industry but also help in developing the capital market which has potential in such countries;

3. Provide financing to internal and external trade, help in the movement of goods from one place to another by providing all types of facilities such as discounting and accepting bills of exchange, providing overdraft facilities and providing foreign exchange facilities to importers and exporters of goods;
4. Provide loans to traders in agricultural commodities. They provide finance directly to agriculturists for the marketing of their produce, for the modernization and mechanization of their farms, for providing irrigation facilities, for developing land and dairy farming;
5. Advance loans to consumers for the purchase of such items as houses, scooters, fans, refrigerators and many more. They help in raising the standard of living of the people in developing countries by providing loans for consumptive activities;
6. Provide loans for the education reasons such as young entrepreneurs, medical, engineering graduates and other technical courses. Thus, the banks not only help in human capital formation but also in increasing entrepreneurial activities in developing countries; and
7. Commercial banks help the economic development of a country by faithfully following the monetary policy of the central bank. In fact, the central bank depends upon the commercial banks for the success of its policy of monetary management in keeping with requirements of a developing economy.

According to Association of Banks in Malaysia (Annual Report, 2015), there are 27 commercial banks in Malaysia as listed in Table 1.2 below.

Table 1.2 Lists of Commercial Banks

Origin of Commercial Banks	List of Commercial Banks
Local Commercial Banks (8)	RHB Bank Berhad, Public Bank Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad, CIMB Berhad, AmBank Berhad, Alliance Bank Berhad, Affin Bank Berhad .
Foreign Commercial Banks (19)	United Overseas Bank (M) Berhad, The Royal Bank of Scotland (M) Berhad, The Bank of Nova Scotia (M) Berhad, Sumitomo Mitsui Banking Corporation (M) Berhad, Standard Chartered Bank (M) Berhad, National Bank of Abu Dhabi (M) Berhad, Mizuho Bank (M) Berhad, OCBC Bank (M) Berhad, J.P. Morgan Chase Bank (M) Berhad, Industrial and Commercial Bank of China (M) Berhad, India International Bank (M) Berhad, HSBC Bank (M) Berhad, Citibank Berhad, Deutsche Bank (M) Berhad, Bank of Tokyo-Mitsubishi UFJ (M) Berhad, Bank of China (M) Berhad, Bank of America (M) Berhad, Bangkok Bank (M) Berhad, BNP Paribas (M) Berhad.

Adapted from: ABM Annual Report, 2015

A population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran & Bougie, 2010). This research will focus on the impact of talent retention strategies on intention to stay among the managers and officers working in the commercial banks in Malaysia. Therefore, the population chosen for this study is the employees' working in the commercial banks in Malaysia.

Sampling is selecting a sufficient number of elements of the population and considers it as a representative of that population (Sekaran & Bougie, 2003). It is difficult to have access to the entire population, so author collects smaller samples and use the behavior within the sample to infer things about the behavior in the population. The bigger the sample, the more likely it is to reflect the whole population. The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage (Sekaran & Bougie, 2003). Since the problem statement focuses on the intention to stay among the managers and