

Talent Development and Retention from the Bankers' Perspectives: A Study at Islamic Banks in Malaysia

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Abstract

The credibility and performance of the Islamic banks depend on those who operate and manage the overall banking business. Due to high demand towards high performing talents for the industry lately, there is need to identify whether the industry has done their part to train and enhance their existing talents in order to ensure the Islamic banking business remain sustain in the future. This is more challenging when the demand for talents that have education background of combination of both Islamic jurisprudent (Shariah) and finance knowledge become pivotal. It is because of the nature of the Islamic banking business that need to ensure the overall banking operations including product structure, accounting and auditing, credit evaluation, risk management, and others meet the Shariah requirement. This study therefore embarks to investigate relationship between talent development and talent retention and also to identify the effect of talent development towards talent retention at Islamic banking institutions. A total of 175 bankers from executive to managerial level of Islamic banks in Malaysia have involved in survey conducted in this research. The results show that the respondents agreed there is a relationship between talent development and retention. In addition, talent development do significantly affect talent retention positively. Therefore, as a suggestion from the bankers, there is need to have an appropriate talent development programme to ensure that the existing talents of the Islamic banks are competent both having strong knowledge in Islamic law as well as operating knowledge of the banking business.

Keywords: Talent development; Talent retention; Talent management; Islamic banks.



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1. Introduction

Islamic financial industry in Malaysia is consistently growing since its inception in 1980s until the recent decade. It is therefore undeniable that the industry with strong support from the government has placed a strong prominence towards the development of human capital parallel with the achievement of the industry in order to prepare enough number of Islamic finance talent. This situation has among other factors led Malaysia to become one of the most developed Islamic banking markets in the world. However, it is noticed that the number of competent talents that are good in both the banking and the Islamic knowledge are insufficient to cater the needs. This is especially for high growth areas such as wealth management, Islamic finance and investment advisory services (Zeti Akhtar, 2011).

The credibility and performance of the Islamic banks is basically depending on Shariah and management teams of the banks. Compare to the conventional bank, the Islamic banking business is unique in the sense that a part of the law governed by Malaysian central bank that need to abide by the banks, they are also accountable to the Islamic revealed law and for the conventional bank, they only governed by man-made law. Therefore, to operate the Islamic banks, people or the talent must acquire a right knowledge, skills, and experience to ensure it comply with both the Islamic law (Shariah) and also banking law (for example, Islamic Financial Services Act and other related acts). Accordingly, it is reported that "The needs of Islamic finance to talent development innovative constantly growing as a sector that has been growing faster than the supply of talent. Malaysia requires 35,000 talents Islamic Finance industry in 2030" (Adnan Alias, 2012). The demand for right combination of the Islamic law and finance knowledge among employees become pivotal. Mohd Pital (2012) elaborates that the ability and proficiency of current employees are overlap with the conventional banks when only who are equipped with knowledge in the Islamic law can detect the divergence of Islamic banking terms and regulations implemented. This paper thus in attempt to examine the relationship and effect of talent development towards talent retention. It is structures in following manner; after introduction, this paper reviews talent management at Malaysian Islamic banks as well as general

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literatures review on two important variables; talent development and retention. It is followed by methodology adopted in this research which based on survey, data analysis, and findings. This paper ends with conclusion and suggestion for future research.

2. Talent Management at Islamic Banks

Islamic Banking in Malaysia is tremendously developed since it first established in early 1980s. The credibility and performance of the Islamic banks depends on those who operates the overall management and strategy of the banks. The demand for high performing talents that regularly discussed seems this issue is not a simple substance for Malaysian Islamic banking sector to tolerate. Islamic banks in Malaysia should enormously concern on the development and retaining those important people. Dato' Sri Zukri Samat, the Managing Director, Bank Islam Malaysia Berhad President and Association of Islamic Banking Institutions Malaysia stress out that the Islamic banking "wars of talent gets fiercer" (Zukri Samat, 2012). He listed four main issues of Islamic banking talents:

1. Shortage of talents in almost all levels, particularly in middle and senior management at Islamic banking and finance sector.
2. Inadequate talent pool of Shariah scholars with the right combination of legal knowledge and modern Islamic finance to serve on the Committee/ Board of Islamic banks Shariah Advisory.
3. The issue of "hunting" by competitors in Malaysia as well as by their emerging Islamic banks.
4. Islamic financial hub in particular Bahrain, Dubai, London, Singapore and Hong Kong with their attractive bargain.
5. The need for an effective way to attract, develop and retain the high talented employees.

Those issues raised by Dato' Sri Zukri are very significant to be highlighted since Islamic banking talents should be among those employees that are adequate at the correct position, correct time and correct place (Rothwell, 2001); Aston and Morton (2005). In addition, senior managing director and deputy CEO, CIMB also said "Islamic human capital development need to be holistic to meet all the requirements of the workforce career progression, rather than the pre-employment stage, while emplacement and to the leadership positions within the Organization". Therefore, talent development is essential to develop human capital in Islamic finance in order to support greater innovation and dynamism of Islamic finance industry especially in Malaysia.

2.1. Talent Development

Developing talent is very crucial to increase the potential and performance level among the talents. It is also to increase the individual's success level in performing the task using their own abilities (Garavan *et al.*, 2012) and to continuously improve their position. A proper initiative for talent development will lead to a better development in the organization. This means that the knowledge, skills and abilities of the talents can be developed through the behavioral modification activity such as technical training and coaching (Birdi, 2005; Brooks and Nafukho, 2006). Furthermore, an effective development and assessment plan should be implemented by the organization in order to make sure that the talents are developing well (Glen, 2006) and suitable for all the task given.

Over the last decade, the growth of Islamic banking has been aggressively enforced and extends into an unprecedented global arena. The influence of Islamic Banking is now up to the mainstream of the wider Islamic finance industry. Maturation and change taking place not only within the organization itself but also in the overall banking system, including product development, more effective customer base, law, policy, compliance, workforce, and new endowment capable of raising company level banking industry (Aziz *et al.*, 2016). Ramu (2014) stated professional development in the improvement of employees in the organization is to create a road map to fill the gap of skills. This is because, people learn and develop new skills inside and outside the organization. Many ways to develop talent can be exploited in a more open and forward-looking way through the program of arming. Formal methods include internal development programs, coaching, mentoring, cross succession planning project assignments, high potential development schemes, graduate development programs, courses at outside institutions, internal reviews, assessment centers, 360-degree feedback, work and shadowing rounds, development center, set of action learning and external oversight (Ramu, 2014).

From the perspectives of bankers, this study identifies that there are three factors that might be the main factors that should bank take into consideration for talent development process that regularly mentioned by (Zeti Akhtar, 2011), Mohd Pital (2012), (Zukri Samat, 2012) and Kakar *et al.* (2015). There are perceived investment employee development, perceived supervisor support and Shariah training and development practices.

1. Firstly, in view of the rapid changes that take place at work, organizations today need to re-examine their employee's needs for ongoing development skills. Among the advantages of perceived investment employee development (PEID) is that individuals may consider organizations that offer employees accordingly development program to train and guide employees on the field.
2. Secondly, perceived supervisor support is precisely important in recent work achievements (Piercy *et al.*, 2006). Perceived supervisor support has a very high relationship with fair treatment, rewards and working conditions, affective commitments through supervisor support. Talent development through training and development, succession planning and career enhancement (Bishop *et al.*, 2005); Rhoades and Eisenberger (2002), particularly need supervisor support in managing their talents. Instead, talents will feel responsible respond to this support with their enhanced commitment to organization.
3. Thirdly, there is a need to increase the understanding of Shariah knowledge standardization since the development of Islamic Banking in Malaysia. Instead of that, the advancement of Islamic finance industry requires a governance system that enhances the quality of delivery of Islamic financial products to cover the

rights of shareholders and users of the products. Hence, compliance to Shariah is the core value to the Islamic finance industry.

2.2. Talent Retention

Talent retention is a systematic effort taken by employers to create and develop an environment that encourages present employees to remain in the organization (Jyoti and Rani, 2014). Recognition of individual commitment to an organisation, as well as the needs of the organisation to create an environment where someone would be willing to retain will be something very significant in the coming years (Harris, 2000). Loss of high-level talent has often been interpreted by the shareholders as a sign of internal waste and has been known to reduce the confidence of shareholders in the organization (Kamil *et al.*, 2016). Literature and best practice cases demonstrate that if employers treat their employees as treasured contributors to organisations, employees are motivated to stay in the organisations.

Lost knowledge with the departure of workers. It will be far more important in the years to come to recognize individual commitment to the organization, as well as organizational needs to create an environment in which one is willing to remain (Harris, 2000). As a practical matter, with not as good as turnover, every single employee who is maintained or stayed means one fewer employees to be in place to select, hire and develop (Mathis & Jackson, 2006). Other than that, it is very disappointing if the organization has gone through the process of recruitment, new staff orientation, arranging uniforms and other requirements, and later, the new employee leaves after two or three months of employment. Subsequently, what is the point of the organization to start over the recruitment process? Other requirements, and later, the new employee leaves after two or three months of employment. Subsequently, what is the point of the organization to start over the recruitment process?

3. Methodology

The population of this study are the Islamic banking employees. There are 16 Islamic Banks in Malaysia. For the purpose of this study, the sample was taken among the employees located in the Peninsular of Malaysia. After assembling all the collected data, the data has been transformed into useful information. Based on the distributed questionnaires, only 175 booklets of comprehensive and completed questionnaires were analyzed. In this study, SPSS software version 23.0 was used to analyze the final data of the survey.

4. Findings and Discussion

The frequency distributions were obtained from the personal data or characteristics of the respondents in this study. There are nine demographic variables that were collected in this study and were presented in frequency and percentages. 175 copies of the questionnaire sets were valid to be used for data analysis. Based on the result, most of male respondents took part in the study which include the total of 59.4%, while the rest were female respondents comprising of 40.60% or 71 respondents. In terms of age, more than half of the respondents were 35 years old and above (167 respondents) and majority of them were Malay. It is also noticed that 19 percent of the respondents were Chinese (34 respondents) and 13 percent were Indian (23 respondents). Observing the position of the respondents in the banks, more than half of them (69 percent) were holding top level management position which including regional manager (6 respondents), branch manager (17 respondents), operational manager (49 respondents), and sales executive manager (49 respondents). The rest of them were administrative officer (31 respondents), credit officer (21 respondents), and investment analyst (2 respondents). In this regard, it is observed that the position held by the respondents were parallel with the age of majority of them as well as their working experiences in banking sector which mostly 10 years and above. Table 1 details out background of the respondents.

Table-1. Respondents' Background

Demographic Information		Frequency	Percentage (%)
Gender	Male	104	59.40
	Female	71	40.60
	Total	175	100.00
Age	25 – 34 years old	8	4.60
	35 – 44 years old	96	54.90
	45 – 54 years old	68	38.90
	Above 55	3	1.70
	Total	175	100.00
Ethnicity	Malay	107	61.10
	Chinese	34	19.40
	Indian	23	13.10
	Others	11	6.30
	Total	175	100.0
Current Position	Regional Manager	6	3.40
	Branch Manager	17	9.70
	Operational Manager	49	28.00
	Sales Exec Manager	49	28.00
	Administrative Officer	31	17.70
	Credit Officer	21	12.00
	Investment Analyst	2	1.10
	Total	175	100.00
	Working Experience with Bank	Below 5 years	7
5 – 10 years		48	27.40
10 – 20 years		92	52.60
20 – 30 years		25	14.30
Above 30 years		3	1.70
Total	175	100.00	

To answer research objective one, correlation analysis is conducted to find relationship between talent development and retention. The Pearson correlation coefficient is used to measure the strength of a linear relationship between these two variables; talent development as dependent variables and talent retention as independent variables. Basically, to observe strong relationship, coefficient value needs to be more than 0.001. As in Table 2 below, there is a high relationship between talent development and retention as the level of significance is .007(1-tailed). Hence, since the value are lower than 0.01 independent variables and dependent variables are in good relationship.

Table-2. Correlations Analysis

		Talent Retention	Talent Development
Pearson Correlation	Talent Retention	1.000	.187*
	Talent Development	.187*	1.000
Sig. (1-tailed)	Talent Retention		.007
	Talent Development	.007	

**Correlation is significant at the 0.01 level (2- tailed)

This result shows that the positive relationship between talent development and retention is parallel with the findings by [Walsh and Taylor \(2007\)](#) in article "Developing in-house careers and retaining management talent". The study revealed that although compensation and work and life balance are important, it is the absence of opportunity for professional and organizational growth and development that affects management retention. Meanwhile, revealed that the retention war starts at the hiring stage, with companies recruiting employees whose talents and interests fit with both the short- and long-term needs of the organization. Within the Islamic bank line leaders and human resource managers are accountable for work delegation and employee learning and development, while the HR managers' purpose is to support and influence within these activities by implementing processes to manage leaders and employee performance towards a profitable organization.

Accordingly, talented employees will skills and experiences are important component of human resources to assist the organization in achieving competitive performance ([Buckingham and Vosburgh, 2001](#)). In order to enable the Islamic banks to be successful, the top management must embrace up-to-date philosophy of employee talent management by creating propositions that develop and retain talented employees. The Islamic banks are required to give their employees a purpose that is inspiring, convincing, and in line with their own needs. The study by [Zukri Samat \(2012\)](#) mentioned, 'war of talent gets fiercer'. Talent, however, can be intended not only as a current state, but also as a prospective state. Individuals can already possess the sought-after qualities or show to have the potential to develop these in the incoming future. Some employers have hence reconsidered the meaning of talent accordingly and expanded the extent of their search of potential talents to the organization current staff. People at all levels are

important for organizations so that, in order to avoid undesired additional costs and possible disruptions, employers should devote to all of them the right attention and resources and strive to make each individual feel valued and respected in the workplace. People at all levels are important for organizations so that, in order to avoid undesired additional costs and possible disruptions, employers should devote to all of them the right attention and resources and strive to make each individual feel valued and respected in the workplace.

Second research objective which is to examine the effect of talent development towards talent retention is achieved via regression and coefficient analyses as presented in Table 3 and 4. From this table, the value of R square is .035 or 3.5%. This result indicates that 3.5% of the variance in talent retention of Islamic banking is explained by effort done in talent development. The adjusted R square is the actual correlation between the observed and predicted value of dependent variable. The adjusted R square value is 0.029%. As this value is quite small, it can be said that talent development does affect the retention level of Islamic banks employees, but there are other factors that may have big influence towards retention than the talent development. Meanwhile, the Durbin-Watson value is 1.914 which is close to 2; therefore, it has positive serial correlation. Field (2009) stated that, a value greater than 2 indicates a negative correlation between adjacent residual whereas a value below that 2 indicates a positive correlation.

Accordingly, results of coefficient analysis as in Table 4 gives the values of the gradient and intercept terms for the regression line. The model is: talent retention (y) = 2.284 + 0.315 (talent development). The gradient (β) is tested for significance. If there is a relationship, the gradient of the line (β) would be 0 and therefore every talent would be predicted to be the same retention. The significant value against talent development is higher than 0.05 and so there is significant evidence to suggest that the gradient is 0 (p < 0.001).

Krewson (2013) asserts that talent nurturing needs an organizational commitment to continuous professional development in order to sustain and achieve organizational growth rather than a simple one hit activity. This will be visible through the range of development experiences offered within the organization, moving away from the traditional classroom training based model, to include stringing together a range of meaningful experiences to build character. These could include coaching, issuing of development meetings, job rotation, interim and emergency assignments, task force assignments and extracurricular activities.

According to Tice (2011) on the what ‘development’ path to map out for those identified as talents so as to achieve organization’s growth, one option is to have an ‘accelerated path’ whereby a talented individual follows the same career path as everyone else only quicker, while at the other end we have a ‘differentiated bespoke’ career path that is drawn up to meet their specific circumstances. To some extent talented individuals are likely to be self-directed learners. They will be highly motivated to learn and continually stretching themselves as they find this a positive rather than a negative experience. Glover et al. (2012) found out that care needs to be taken with the development path. An unintended consequence of an accelerated talent development path could be the arrested moral development of the talented individuals that are developed.

Table-3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.187 ^a	0.035	0.029	0.49303	0.035	6.275	1	173	0.013	1.941

a. Predictors: (Constant), Talent Development

b. Dependent Variable: Talent Retention

Table-4. Coefficient Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
(Constant)	2.284	0.513	0.187		4.453	.000
Talent Development	0.315	0.126			2.505	0.013

5. Conclusion

This study focuses on the relationship and influence of talent development towards talent retention at the Islamic bank in Malaysia. The positive and significant results between talent development and talent retention is hoped will give a little contribution to the Islamic banks to have a better talent development mechanism and succession planning program. The true knowledge resource of the Islamic banking sector depends on knowledgeable people. The challenge is to direct the profitable Islamic banks to engage and retain talented employees. This will require comprehensive approach to meet the uppermost standards of Islamic banking sector by having effective talent management which involve the process of attraction, selection, development and retaining talented employees.

The development of Islamic banking and finance industry in previous occasional existences in Malaysia revealed that numerous accomplishments can be seen mostly on the improvement of regulatory transparency, compassionate nationwide demographic facet and product invention of the system in that sector. Allied to these achievements, the Islamic banking and finance should upsurge more highly talented employees to remain competitive in the industry. In this context, the Islamic banks have right to demand for talents that are not only well profound with Shariah knowledge but also capable to ascertain the differences between Islamic banking and finance regulation at par with conventional practices.

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