# The Public Sector In Beijing, China: The Relationship Between Talent Management And Retention And The Mediating Role Of Organisational Performance

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## ABSTRACT

Employees, policies, and systems that impact them are all connected to an efficient HRM system. A company is made up of people, capital, supplies, and equipment. An organisation needs intelligent employees who can grow the market and implement the finest organisational learning techniques if it wants to compete on a global scale. Organisational productivity and performance are intimately correlated with the amount and quality of human resources. Creating and keeping a workforce that improves organisational performance is one of the hardest management tasks. This research looks at the link between talent management and employee retention in Beijing, China's public sector, and the mediating function that organisational performance plays in it. The analysis of 1895 respondents in this research was done using SPSS 25. The study's findings assist public administrators in developing comprehensive plans that combine human resource management with organisational effectiveness to provide long-lasting effects. Employee performance is significantly impacted by talent management. Organisational performance mediates the substantial influence of talent management on employee retention. The talent management variable functions as a mediating variable, indirectly influencing organisational performance to support employee retention. The replies of just top and middle management personnel are used to gauge the limits of the variables in this research. The study's conclusions recommend that more research be done in other human resources-related fields, with a special emphasis on the impact of talent management on employee retention and the role that talent management plays as a mediating variable with a variety of dimensions and components in employee retention through organisational performance.

**Keywords:** *Organisational performance, Talent management, Employee retention, Public sector in Beijing, China.*

## 1. INTRODUCTION

Attracting, developing, and promoting top talent from inside and outside an organisation is what talent management is all about in today's cutthroat corporate environment. Employees can better allocate their time and energy because to technological advancements that have simplified talent acquisition and management. Organisations need to prioritise the acquisition and retention of skilled persons to gain a competitive edge. A growing number of people are looking for work as a result of the global economic crisis, yet many different sectors and nations still lack the necessary skills, which has led to a rise in "talent mismatch." Because of the growing need for people who can juggle many tasks at once, finding the "right" candidate for open positions is becoming more challenging. As the corporate world evolves, HR managers must take deliberate actions to boost employee engagement, a key component of talent management (Aljbour et al., 2024). It costs one to 2.5 times as much to replace an employee as their salary, making staff retention a major concern for businesses throughout the globe. Reputation and goodwill among employees rise, yet productivity falls, engagement falls, training expenses rise, and training expenses eat into profit. Employers are in a fierce battle to recruit and keep talented employees due to changes in employment patterns caused by technological improvements and global competition. Due to their knowledge of the company's culture, long-term workers are more likely to be productive. They

also inspire their colleagues and create a strong sense of loyalty, engagement, and commitment to the organisation. To make their employees proud to work for them, many firms are pouring resources into talent management strategies (Ergün et al., 2021). Factors like as internal development, staff retention, and external recruiting are all part of talent management's complex process. Recruitment from the outside, training from inside, and holding on to current staff are all parts of an ongoing process. Traditional human resource techniques that makeup talent management include hiring, training, developing, planning for one's professional path, and ensuring a smooth transition from one generation to the next. Looking at it from this angle, talent management is just more HRM as they know it. As opposed to managing the whole workforce, talent management focuses on a small group of employees with high potential to acquire, develop, and reward talent. People who can greatly affect the current and future success of the organisation are considered talented. This viewpoint has been validated by quantifiable gains in organisational performance, leading to higher sales and profits (Kock, 2022).

## 2. BACKGROUND OF THE STUDY

This research shows that strategic HRM and HRM in Beijing are complicated, including many different factors that must be considered to find a solution. These factors include financial, political, social, technological, and environmental considerations. Human resource management is further complicated by Beijing's political climate, which affects both the supply and demand for talent via the government's industrial plans and Five-Year Plans. To meet the national agenda's demands for innovation and entrepreneurship, companies must foster an environment that encourages employees to think creatively and technically. Human resource management and strategic people planning are must-haves for success in Beijing's fast-paced economy. The fast-paced economy, new technologies, and unpredictable market situations need that companies' HRM strategies be in sync with their objectives. Strategic human resource management is growing in significance as Beijing moves towards a knowledge-based economy. Due to the interrelated nature of the difficulties and the need for these abilities for optimal organisational performance, human resource management in Beijing is complicated (Lacap & Sicat, 2022). The relevance of TM has increased as businesses attempt to adapt to the very complicated and unpredictable global environment of today. Though public sector organisations are beginning to acknowledge the value of management and leadership, TM in this setting is still in its infancy. Our perspective aligns with researchers who see talent as essential individuals. They believe that talent management in the public sector mostly focuses on attracting, developing, training, and retaining vital staff. How public sector TM should be approached is a hotly contested topic. Some argue that all workers should be seen as potential talents, while others argue that only talents with exceptional abilities should be considered. Some have suggested that the public sector's emphasis on equity and justice would be better served by a more inclusive TM strategy, however, research into public sector TM has shown that hybrid approaches, combining inclusive and exclusive methods, are more common. As shown, the public sector employs exclusive tactics when strategically recruiting for leadership and professional roles (Qian, 2021). There are several reasons why TM in the public sector is crucial. It may aid in the implementation of broader management changes, boost employee engagement in NPM initiatives, and support these efforts. It solves talent shortages and improves talent acquisition, development, and retention. Individual talent performance has been identified as a critical consequence of TM adoption, and research on the private sector has shown that TM has a favourable effect on talent performance. According to studies, talents that get good signals from TM react with strong performance habits. Recognising the significant role of line managers and organisational support, empirical research have investigated how TM influences the performance of individual talents, including person-job fit, work satisfaction, and emotional commitment (Rahmawati & Priyono, 2022).

## 3. PURPOSE OF THE RESEARCH

This research aims to examine the mediating role of organisational performance in the relationship between talent

management methods and employee retention within the public sector in Beijing, China. This study aims to clarify the connection between effective talent management strategies and improved organisational performance, which in turn influences employee retention, therefore providing insights into the elements that promote workforce stability in public organisations. Understanding these connections is crucial for policymakers and public sector leaders, as it may inform the development of targeted efforts that attract and nurture talent while fostering a work environment that encourages long-term employee engagement and satisfaction. The research findings seek to improve the effectiveness of talent management techniques, consequently boosting organisational performance and employee retention in the public sector.

## 4. LITERATURE REVIEW

Organisational success depends on employee retention rates, which are high because they encourage workers to remain with the company for longer. Companies need to find ways to keep their employees from leaving, which is becoming harder in this day and age because of the competitive job market. Organisations in this era of commercialisation and industrialisation are aiming to improve overall performance by making their personnel more effective and efficient. Worker turnover is a major problem, and companies utilise many strategies to keep their best workers from leaving. The knowledge and abilities that workers possess are vital to the survival of the organisation, hence there is a strong correlation between employee retention (ER) and employee performance. To attract and keep the most talented employees, businesses compete with each other (Yanan, 2021). Employee recognition and appreciation is important for several reasons, including but not limited to motivation, social capital, organisational health, total quality management, reward, involvement with the organisation, and identity. The most effective forms of employee recognition do not include monetary compensation. Instead, they focus on enhancing workers' well-being, which in turn boosts their productivity, performance, and health. Daily or formal, recognition is a great way to show appreciation for an employee's hard work and excellent performance. Because it lets workers know their work is acknowledged and respected, an organization's recognition system has a favourable effect on employee retention. Staff morale, loyalty, and retention all see a boost as a result. Reinforcing actions, methods, and behaviours that boost organisational performance is the goal of ERO (Zafar et al., 2021). Employees' motivation and performance on the job are directly correlated with ERO since praise is the natural consequence of hard work and merit, which in turn boosts morale and productivity. Disseminating, retaining, engaging, identifying, and attracting personnel who can contribute to an organization's success is all part of talent management. The HR team's job is to discover the best candidates and hold on to them for as long as feasible. To accomplish their aims and objectives, organisations need to use systematic techniques that are in line with their strategy. These approaches may include things like succession planning and staff motivation. That the company's talent management strategy has a major effect on workers' output. Companies need to do more than just pay their workers a competitive wage if they want to keep their best employees around. Employee retention rates, as well as financial and operational performance, may be enhanced via the effective execution of a talent management plan (Zhizan, 2021). When workers feel that their company treats them fairly in terms of perks, wages, and salary, they say that compensation is fair. Workers who feel they are not getting fair treatment at work may become unsatisfied and look for employment elsewhere. To attract and hire the most qualified candidates, as well as to motivate them to stay with the company and contribute to its success, pay equity must be considered. Staff members are more likely to stay with a company that treats them well, but employees are more likely to leave one with bad compensation. Compensation fairness is defined as the degree to which workers feel their perks and pay are distributed equitably within the company. The key factor that determines how workers see equality is how they compare to other employees in terms of the compensation they get for the job they do (Battisti et al., 2023).

## 5. RESEARCH QUESTION

- Does rewards and compensation have a significant relationship with employee retention in the information technology industry in Beijing, China?

## 6. METHODOLOGY

- **Research design:** Quantitative data analysis was conducted using SPSS version 25. The combination of the odds ratio and the 95% confidence interval provided information about the nature and trajectory of this statistical association. The p-value was set at less than 0.05 as the statistical significance level. The data was analysed descriptively to provide a comprehensive understanding of its core characteristics. Quantitative approaches are characterised by their dependence on computing tools for data processing and their use of mathematical, arithmetic, or statistical analyses to objectively assess replies to surveys, polls, or questionnaires.
- **Sampling:** A random sampling technique was applied for the study. The research relied on questionnaires to gather its data. The Rao-soft program determined a sample size of 1825. A total of 1950 questionnaires were distributed; 1913 were returned, and 18 were excluded due to incompleteness. In the end, 1895 questionnaires were used for the research comprising 997 females and 898 men.
- **Data and Measurement:** A questionnaire survey served as the main data collector for the study. There were two sections to the survey: (A) General demographic information and (B) Online & non-online channel factor replies on a 5-point Likert scale. Secondary data was gathered from a variety of sources, with an emphasis on online databases.
- **Statistical Tools:** Descriptive analysis was used to grasp the fundamental character of the data. The researcher applied ANOVA for the analysis of the data.

## 6.1 CONCEPTUAL FRAMEWORK
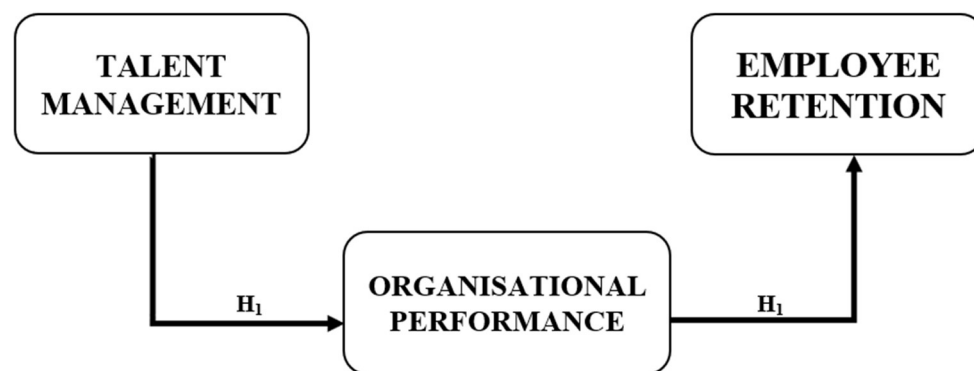


## 7. RESULTS

### 7.1 Factor Analysis

Factor analysis (FA) is used to validate the foundation of a measurement battery, aiming to identify latent characteristics and measurement inaccuracies. The Kaiser-Meyer-Olkin (KMO) Test is used to determine data suitability for factor analysis, ensuring sufficient data for all model variables and the whole model. KMO values range from 0 to 1, with an adequate sample size between 0.8 and 1.0. Large-scale correlations pose a significant challenge for component analysis. Kaiser's minimum and maximum requirements range from 0.050 to 0.059.

**Table 1: KMO and Bartlett's Test**

| KMO and Bartlett's Test[a] | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .934 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 6850.175 |
| | df | 190 |
| | Sig. | .000 |
| a. Based on correlations | | |

The study used the KMO test for sample adequacy, resulting in a KMO value of .934, and a significance level of 0.00, indicating the data is suitable for exploratory factor analysis.

**7.2 Test for Hypothesis**

**a. Dependent Variable: Employee Retention**

A stable workforce can be maintained by a company through employee retention, which involves all the efforts made to keep workers happy, engaged, and committed to staying with the firm and contributing to its success. To retain good employees, businesses need to create an enjoyable workplace, offer opportunities for career advancement, pay competitive wages and generous benefits, foster a welcoming company culture, and address any issues that could lead to their resignation, whether willingly or not. Ultimately, keeping employees is crucial for a company's smooth operation, continuity, and the creation of a dedicated and enthusiastic team (Dayeh & Farmanesh, 2021).

**b. Independent Variable: Talent Management**

Talent management is the proactive recruitment, development, and retention of skilled employees inside a company to support performance, innovation, and growth. Hiring, onboarding, performance reviews, training, succession planning, and employee participation are just a few of the processes that are included to optimise the company's human resources and achieve strategic objectives. Identifying and attracting outstanding people via outreach, resume evaluation, interviews, and selection of candidates who align well with the mission and values of the organisation. Establishing comprehensive onboarding processes that provide new hires all the information, resources, and support they need to help them settle into their roles and begin having a positive effect as soon as feasible (Khan et al., 2021).

**c. Mediating Variable: Organisational Performance**

An organisational performance may be defined as its capacity to achieve its objectives and maximise outcomes. One definition of organisational success in today's workforce is the degree to which a corporation can meet its objectives while being constantly updated (Abdullahi et al., 2024).

- **Relationship between Talent Management and Employee Retention through Organisational Performance**

For organisations to thrive and expand, talent management is essential. This is because it allows them to foresee and grab opportunities before their rivals do. The process includes finding, hiring, and developing top talent, as well as putting them in the correct jobs. The ability of organisations to attract and retain top talent, and to do so for an extended length of time, depends on talent management, according to the research. Improving organisational competency is another goal of talent management, which aims to do so by developing employees, preparing for succession, and boosting performance. To keep competitive advantages and positions, talent recruitment, development, and management are becoming more standardised in today's globally integrated world. Companies should change to meet the needs of their local workforce and market as well as the best practices in people management from across the world. An organization's

performance is described as the degree to which it meets the goals and expectations of its stakeholders according to predetermined standards of efficiency, effectiveness, or social reference. Employees actively manage the organization's resources in an endeavour to accomplish the organization's objectives, which are inseparable from the accomplishment of those goals. To reach business objectives and boost organisational efficiency, high-performance work methods and practices are crucial. Academic Human Resource Management (HRM) literature has long focused on talent retention as a critical issue; this is especially true given since knowledge is a valuable asset for every company. There is no foolproof method for retaining staff, but a combination of business culture and trust among workers goes a long way. Efforts undertaken by an organisation to make an employee more likely to remain for a longer period are collectively known as employee retention. Employee retention is crucial in light of rising business sector activity, labour shortages, and high employee turnover rates (Aman et al., 2023).

Based on the above discussion, the researcher formulated the following hypothesis, which was to analyse the relationship between Talent Management and Employee Retention through Organisational Performance.

**Table 2: H₁ ANOVA Test**

| ANOVA | | | | | |
|---|---|---|---|---|---|
| **Sum** | | | | | |
| | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| **Between Groups** | 77986.640 | 1013 | 7345.267 | 2458.542 | .000 |
| **Within Groups** | 782.940 | 881 | 6.659 | | |
| **Total** | 81342.570 | 1894 | | | |

In this study, the result is significant. The value of F is 2458.542, which reaches significance with a p-value of .000 (which is less than the alpha level). This means the *"H₁: There is a significant relationship between Talent Management and Employee Retention through Organisational Performance"* is accepted and the null hypothesis is rejected.

## 8. DISCUSSION

The results of this study underscore the critical mediating role of organisational performance in the relationship between employee retention and talent management in the public sector of Beijing, China. By fostering a culture of productivity and engagement, effective personnel management strategies, such as training and development, performance evaluation, and career progression opportunities, significantly enhance organisational performance. This improved performance subsequently cultivates a positive work environment that encourages employees to remain with the organisation. The interaction of these variables suggests that public sector organisations should prioritise strategic talent management measures to improve overall performance, which has led to higher retention rates. This research underscores the necessity of integrating talent management strategies with organisational objectives to guarantee that employees experience motivation and appreciation. In addition to enhancing operational efficiency and service delivery, public sector organisations can retain exceptional talent by investing in their personnel and cultivating a culture of continuous improvement. In the end, these insights may be of assistance to public administrators in the development of comprehensive strategies that integrate personnel management with organisational performance to achieve enduring results.

## 9. CONCLUSION

This research emphasises the critical mediating role of organisational success in the relationship between employee

retention and talent management in the public sector of Beijing. This evidence suggests that effective personnel management strategies are essential for fostering employee loyalty and commitment and improving the performance of public organisations. Public sector administrators can foster a thriving work environment that improves service performance and promotes retention by prioritising personnel development and aligning management practices with organisational objectives. These findings underscore the necessity of a strategic talent management approach, which posits that investments in employee development are essential for the achievement of both individual and organisational success. Understanding these interrelations was crucial for enhancing operational efficiency and ensuring long-term viability as public sector organisations address personnel challenges.

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