Abstract

Talent management and employee engagement have been widely studied in academic literature. Talent management issues and employee engagement are becoming critical workforce management challenges at workplace. This is because when engagement of employee affected caused by talent management issues such as bureaucratic meddling, unfairness distribution of compensation and evaluation of employee performance as result disrupt working routines of other workforce, increase attrition of talented workforce and affected organization growth and performance. There are many organizations from other country also occurred issues of talent management included GLCs Malaysia.

This study aims to understand the influence of talent management and investigate how talent management affects employee engagement in GLCs Malaysia. It is also to determine the relationship between talent management and employee engagement as well as to analyze strategies used to increase employee engagement in GLCs Malaysia. In order to achieve the objectives of case study, a literature review was conducted to provide a better understanding of talent management and employee engagement and identify the issues of talent management that affect employee engagement.

Moreover, the findings indicate that the talent management issues such as bureaucratic meddling, ineffective performance management system (PMS), talent retention and talent shortage have positive relationship with employee engagement. Hence, this study recommends that GLCs Malaysia to increase levels of employee engagement need to establish a clear line of authority with well-defined hierarchical management system to avoid bureaucratic among employees with using Max Weber Theory, have fairness of performance management system (PMS) to overcome ineffective PMS, to identify and understand the workforce needs and wants to increase employee job satisfaction in retaining qualified talents by using Maslow Hierarchy of Needs and acquire the right talent and remain on the jobs to minimize the issue of talent shortage by using 4Bs Model. Finally, the research provide some suggestions for future researchers to improve the understanding of talent management practices which impacts on employee engagement.
1.0 INTRODUCTION OF CASE
1.1.1 BACKGROUND OF CASE SCENARIO

Talents as human resources refers to a market natural ability or skill which are the most valuable assets in organizations. Generally, managing talent has become more important and more strategically planned of organizations. Talent management (TM) is one of the primary management tools for 21st century for managing employees due to the significant resource for business success in this century is no longer land, capital and other tangible assets but the human capital (R. V. Dhanalakshmi, 2014). TM is a set of process which design to ensure an adequate flow of employees into jobs and satisfied with their own jobs throughout the organizations. Many organizations of talent employee adopted TM so that this could drive their business to success through effective talent management practices and programs which establish by organizations (Norzanah Mat Nor, 2013). Thus, when companies implement effective talent management help in improving and nurturing talent workforce performance involves putting the right talent in the right positions, attracting and recruiting the skilled individuals and developing them to enhance their potential. Consequently, this will exist more engaged and motivated employees which create loyalty to organizations in terms of employee engagement, job satisfaction and commitment and help employer thrive to stay forward constant top level of performance. Talent management is a continuous effort in the life cycle of organizational activities. Thereby, this will not only help employees achieve organizational goals and also increase productivity, performance and retention of workforce.

Moreover, talent management contribute to employee engagement which having statistical relationship with enlargements in organizational cost-effectiveness, productivity, job satisfaction where career contribution to organizational success. Employee engagement is a process of placing employees engaged with particular activities with express themselves physically, emotionally and cognitively (Kadiri Ismaila Bolarinwa, 2017). Organizations have to ensure implement proper and effectiveness of talent management in order to attract and retain employee talent anywhere in the world and high potential employees which contribute to employee engagement (Norzanah Mat Nor, 2013). As a result, the engaged talented employees will contribute their effort for the success and a competitive advantage to the organization and help increase engagement of talent increase the job satisfaction and reduce
attrition of talent. The increase of engagement of talent increase the job satisfaction which has positive impact and associated in increasing retention of talent as an effect implementation of talent management (Ying, 2016). It is found that organization using talent management strategies help in driving employee engagement which resulted in 23% of increased performance against revenue expectations. Thus, engaged employees will provide competitive advantage to organizations (Abdulquddus, 2015). This can show that there is a positive and significant influence of talent management with employee engagement in an organization.

Talent Management (TM) had been the target of increasing interest and become crucial to business growth and economic progress in organization. TM became one of the greatest challenges for HR leaders in today’s global marketplace. However, in the competitive work environment, companies and industries are growing at fast pace caused there are many organizations in the worldwide are faced challenges in TM. There are several of top TM challenges occurred at organization involved lack of skilled talent, shortage of talent, unfair on compensation lead employee engagement less than optimal, too few high-potential leaders in the organizations and fail to retain of employee caused loss of top talent which moved to other organizations (Bridget Beattie, 2014). In consequence, this caused that the organization will face difficulties in attract, select and retain talent, highly competitive of talented workforce in global market, development of talent, lack of accountability among managers, lack of meaningful metrics caused negative impacts such as organization and employee performance, remuneration cost with losing skilled employees, turnover of employees, firm profitability affected in respective companies (Wahba, 2015).

At the same time, different organizations from various country will face different challenges in TM. Firstly, the challenges of TM are talent shortage which are increasing with greatest year-over-year such as in United States, Finland, Hungary, Sweden and Slovenia. According to the report of talent shortage in 2020 from Manpower Group, the top ten most in demand of talent roles in 2019 involved electricians, sales & marketing, technicians, engineering, driving and logistics, IT, accounting and financing, manufacturing, construction and healthcare (Prising, 2020). As can be seen in India IT sector, analysts had estimated that India face shortfall of 500,000 IT professionals in 2010 (The Talent Management Practices followed by organizations, 1970). Moreover, the consulting agency PricewaterhouseCoopers (PWC) had published 14th Annual Global CEO Survey which states that majority of CEOs (66%) are afraid the issues of shortage of skilled talent will lead their growth of organizations affected
The second challenges of TM in global are compensation. Organizations are less likely to develop unfair of compensation plan between talent lead the employee engagement less than optimal. Additionally, retaining talent is one of the biggest talent management challenges for global firms. It illustrated that a business skills training firm based in Canada from a study by Achieve Global, it found that increase of work hours, limited on benefits, reduction pay levels were had significant effects on talent retention and caused talented workforce turnover from organizations. (Miller-Merrell, 2018).

1.1.2 PROBLEM OF CASE STUDY

In GLCs, talent management is to build a competent workforce to realize the vision and mission of company and potential to occupy critical positions (Dr John Annakis, 2014). Talent management concepts and practices are still infancy stage and mostly companies that are well-established which is GLCs have embarked on talent management program in Malaysia (Syed Jamal Syed Abd Nasir, 2012). It is crucial that GLCs need potential talent to continue the value creation for business competitiveness in order to strive and success in the future (Aemi Isa, 2014). However, GLCs company faced some of issues of talent management which affect employee engagement. The company faced difficult situation in retaining qualified talent in every sectors. Second, lack of experienced of electrical and electronic engineer occurred in industry thus lead to loss of multibillion-dollar foreign investment.

Next, GLCs faced issues on bureaucratic meddling, internal control, lacking in strategic direction resulting in poorer return on capital and shareholder value, inefficient procurement handling, ineffective performance management system, higher gearing ratio and lower productivity. Besides that, issue weak linkage between employee performance reward scheme raised at GLCs. Another critical problem occurred at GLCs company was bureaucratic meddling and lack of managerial skills. Furthermore, another issue was weak linkage occurred between employee’s performance and reward scheme in GLCs.

1.2 CASE REPORT

1.2.1 CONCEPT OF TALENT MANAGEMENT

Talent management defined as the full scope of HR processes and integrated set of activities which designed to attract, develop, motivate, retain high-performing employees which need now and in the future. The meaning of talent management is finding talent, combining and supporting talent, building talent, well talent deployment, engagement and reward of talent...
which the talents who have high potential assure the company maintain to achieve target with sufficient talent path. Further, talent management was merely viewed as the management task to identify the right person with intrinsic skills and qualities is placed at the right job or position at the right time which have the potential to differentially impact the competitive advantage of the firm. Talent Management is a strategy for managing talent pool caring in a particular position in the organizations (Talent Management: A Theoretical Framework). In other words, talent management is a process aimed to increase workplace and workforce performance and productivity to meet current and future business requirements through integrated people management practices (Vulpen, n.d.).

![Figure 1: Talent Management Process Model](https://www.valamis.com/hub/talent-management#talent-management-process)

Next, talent management process model which contains several elements categorized into five areas involved planning, attracting, developing, retaining and transitioning. In planning, organization need to identify the gaps lie on the human capital requirement, formulating job description of employee with develop workforce plan for recruitment to ensure the right talent with right skills and experience are recruited. The second elements are attracting. This stage is to search for suitable individual to fill the particular position through selection of applicants of talent pool form internal or external sources via interview. The
natural next stage is developing in talent management process model involves taking steps to help talent grow and training them within the company through employee development plan which organization can consider how to expand worker’s skills and knowledge to fulfill new challenges in organizations. Besides that, retaining is the fourth stages in the model. The purpose of talent management is to keep workforce to stay at company for longer such as organization may provide attractive of compensation, training, company culture or other types of engagement for employees so that they will feel that company is a meaningful and enjoyable place to work. The last stage is transitioning. In this stage, effective talent management focuses on transformation and evolution of organizations which will affect the growth of talented employees. Organizations need to plan for employee transitions so that they can promote employees or move them to another role or department. Throughout the 5 stages of talent management process, this will increase the loyalty of employees to contribute business to success and improves employee engagement (Ghosh, 2019).

Figure 2: Components of Talent Management

Additionally, there are some of components of talent management consist of talent strategy and governance, talent identification, talent assessment, talent acquisition, talent deployment, talent development, performance management as well as career planning and succession management. Firstly, talent strategy and governance is identify and define present of organizational challenges and opportunities as well as demand and supply of talent in organizational for future. Upon talent identification, the purpose is to spot and map talent for identification of talent gap in organization. Next, the third component is talent assessment. Organization will evaluate talent which can be assessed by using multiple assessments such as qualifications, skill set, aptitude and prior experience to identify talent workforce who fulfill the requirement of organization. While talent acquisition is focused on attracting, recruiting
and selecting talented workforce to meet the demand of talent in organization by hiring the new employees.

Then, the placement of right talent to fill the right position in order to fill workforce gaps in talent deployment which is the fifth component of talent management. Talent development is the sixth component in talent management. In talent development, the talent that have been identified need to develop with the proper training and development so that the required skill and capabilities can be cultivated. Besides that, performance management in talent management is to decide key performance areas and set performance goals that had consulted with talented workforce. In this process, managers and employee need to collaborate to monitor the employee’s performance and progress to ensure that the progress is in the pace. Lastly, in career planning and succession management, when the talent as successors had been identified with required key skills, competencies and career objectives from the talent pool, organization need to be associated mentor-mentee relationship with successors so that they will feel value to stay and retain with the company (Mehta, 2017).

1.2.2 CONCEPT OF EMPLOYEE ENGAGEMENT

Employee engagement is defined as heightened emotional and intellectual connection which employees feel passionate for their jobs and committed to the organizations with apply additional discretionary effort to jobs and tasks. It is a process and approach to keep employees committed towards organizational goals and values (Talent Management- Employee Engagement, n.d.). Employees will engage themselves physically and cognitively during they perform on their job. Employee engagement is a measure of the energy and passion of employees. Moreover, it also represents as an alignment of maximum job satisfaction with maximum job contribution with fully of willingness and effort. The high engaged of employee perform their tasks beyond what typically is expected on their job role and give the best contribution to the success of the company (Wahba, Talent Management Practices Effect on Employee Engagement: Applied in Logistics Sector in Egypt, 2015).

Employee engagement are divided into three categories which are actively engaged, actively disengaged and not engaged. Employee who are actively engaged is highly positive and motivated, work with full passion and emotionally attached with organization. They contribute their ideas towards innovation and creativity, personalize the goals and objectives for the betterment and success of the organization. Next, actively disengaged employees are the employees who are unhappy and spread unhappiness at work. They will feel dissatisfied
in organization due to the employees are always provoking and convincing the other employees to leave their jobs and move out of the organization. Employees who are not engaged is the employees are lack of passion and seldom concern for the betterment of the organization. They are not proactive and less likely to contribute idea, innovation and creativity (Talent Management-Employee Engagement, n.d.).

In addition, there are five drivers in employee engagement which consist of the work environment, leadership, team and co-workers, training and development opportunities and compensation. The first driver in employee engagement is work environment. Employee will feel engaged on work when they work at safe, cleanliness, fairness and support from their colleagues and management team of working environment. Leadership is the second driver. Employee will demonstrate engagement when they have strong and positive leader in organization. As consequence, the employees will feel more confident and provide good performance on their job. Thirdly, employee will more engaged when they have positive team and co-worker relationship with other employees which are support and share ideas and views to team in organization. Furthermore, training and development opportunities is the important driver in employee engagement. Organization that provide structured learning and development opportunities to their employee will lead their level of engagement become higher. This can illustrate that organizations concern with the employee growth and the employees will contribute their experience and ability to organization’s growth. The last positive driver in employee engagement is compensation which is a big factor that influences employees’ level of engagement. The compensation as a financial reward or non-financial rewards which will help increase the higher level of employee engagement in recognition of their effort and work (Cheallaigh, 2015).

The model of employee engagement is WIFI model is to ensure employee engagement in organization to drive attraction and retention of talent which comprises four effective components included well-being, information, fairness and involvement. The well-being factor is focuses on how employees feel about areas of organizations such as work life balance, employer branding, job design and structures which leads to how the employee engagement to achieve. So, when the employees felt satisfied with what of organization had provided, the more engaged of employees on their tasks in organizations. The next factor is information. This factor is focuses on giving clear-defined on communicated vision of organization with employees. This meant that if organization making clearly and interactive of information as well as emphasizing vision of the company to employees, the employees will increase their
engagement and involvement on their roles, goals, vision and performance. Meanwhile, fairness is the third component in WIFI model. Organization have to ensure that managers are being fair on treatment between employees such as rate on individual performance, training and development opportunities as well as reward and recognition. When fairness is achieved, a high level of employee engagement is highly likely. The last component is involvement. It emphasizes on involving line managers take action in their roles. This illustrates that if there are giving enough opportunities of interaction between senior managers and junior when in discussion and decision-making process, it will lead employee engagement on works and tasks which involved in all aspects of work in organization (Ahead, 2012).

1.2.3 RELATIONSHIP BETWEEN TALENT MANAGEMENT AND EMPLOYEE ENGAGEMENT

An organization of talent management contribute to employee engagement. It has statistical relationship with enlargements in organizational cost-effectiveness, productivity, job satisfaction where career contribution to organizational success. Effective talent management practices will increase the commitment of workforce which result in more engaged talented employees and lower attrition rate. In consequence, employee’s engagement has substantial impact on employee’s productivity and talent retention (Norzanah Mat Nor, 2013). Engagement of employees will increase through an effective talent management strategy. When the organization implement effective talent management strategy, employee engagement can be support through work-life balance programs such as performance management systems, reward programs and flexible working time which can attach the key employees as the number one strategic resource in an organization (Jha, n.d.). As a result, this would lead the employee more engaged which have passion to work, maximize their performance in an engrossing environment and provide continuous work experience in company.

The engaged employees are aware of the business context, work with colleagues to improve performance within the job for the benefit of the organization and will exhibit their willingness to provide and contribute their effort for the success of the organization (Wahba, 2015). The increase of engagement of talent increase the job satisfaction which has positive impact and associated in increasing retention of talent as an effect implementation of talent management (Ying, 2016). This can show that there are many of organizations have been increasingly putting formal and reward programs to attract and increase retention of talented
employees. For instance, according to SHRM’s 2005 Reward Programs and Incentive Compensation Survey Report, there are 84% of companies provide monetary and non-monetary reward programs to employees for increase employee engagement which contribute to increase of employee’s productivity and talent retention (Hussin Jose Hejase, 2016)

1.2.4 BACKGROUND INFORMATION

In Malaysia, Government-Linked Companies (GLCs) serve as the backbone of the economy and it is important for the development of the Malaysian economy. GLCs is defined as corporate entities which is private or public (listed on a stock exchange) where Malaysia Government owns at least 20% of the issued or paid-up capital and having direct controlling stake, percentage ownership and control over the appointment such as control awards, strategy, restructuring and financing and acquisition and investment for GLCs. GLCs consist of companies controlled by the respective State Government and agencies (Asnul Dahar Minghat, 2017). GLCs are controlled by Malaysian Government through GLICs, Khazanah Nasional, Employee Provident Fund (EPF), Ministry of Finance and Bank Negara Malaysia (BNM). There are some example of companies in GLCs Malaysia included Telekom Malaysia Berhad, Maybank Berhad, Petronas Berhad, Syabas Berhad, MetaCorp Berhad, Tenaga Nasional Malaysia Berhad (TNB), Eon Berhad, CIMB Bank, KLCC Properties Berhad and Perbadanan Putrajaya Berhad.

Furthermore, GLCs plays a major role in every commercial in transportation, energy, telecommunication, construction, oil and gas to financial services in Malaysia and contribute significantly to improve the quality of life of the public. GLCs are actively involves in economic Malaysia. GLCs are most dominant in utilities (93%) and transportation and warehousing (80%) and have greater of 50% in agriculture, banking retail trade and information communications (Menon, 2017). GLCs role also included attracting new investments and creating new employment activities indirectly.

1.2.5 ISSUES IN GLCS MALAYSIA

Every organization is facing some challenges to sustain in a dynamic and competitive environment. The challenges faced by GLCs Malaysia involved bureaucratic meddling, ineffective performance management system (PMS), talent retention and talent shortage.
1.2.5.1 BUREAUCRATIC MEDDLING

Nowadays, issues of bureaucratic meddling often occurred and it cannot be avoided at organization. The bureaucratic meddling characterized by strict rules and regulations implemented in organization, empowerment of top management on decision-making and internal control within department and hierarchical status of the positions, significant influence within employees and have their own personal benefit in organization. Unethical and inefficient of bureaucratic involved misuse of power and employee do not have opportunity to provide opinion and contribute their skills which lead the motivation and engagement of employee on job reduce and result will cause workforce and organization of productivity decrease. In consequence, it will flat organization culture and increase employee job dissatisfaction, the attrition rate of employee increase and corporate corruption proving the negative effects of organizational structure. Thus, the overall of efficiency of the company will decrease and even corrupt (Effect of Bureaucracy on Employee's Performance, n.d.). For example, according to the Political Economic Risk and Consultancy (PERC) of report in 2012 which indicated that score of Indonesia Bureaucracy Efficiency Index at 8.37 out of the worst level of 10 and it was the extreme inefficiency of bureaucracy in Indonesia. The problem of bureaucracy in Indonesia consist of the culture of organizations shaped the bureaucracy and mentality as well as the overly bulky organizational structure in the ministerial office and government institutions caused the duties overlap (Prasojo, 2015).

The evidence of the bureaucratic meddling was one of the critical problems underperformed at GLCs Malaysia. An analysis of issues of bureaucratic meddling through approach of problem tree analysis in Figures 1. The performance of Malaysia GLCs were relatively poor compared to the private enterprises. The poor performance consists of bureaucratic process, incompetence, internal control, corrupt practices, inefficiency, ineffectiveness and over-centralization decision-making, excessive government intervention. This can be observed that the common practice and directorship and senior managerial positions in GLCs were political patronage positions given to retired military officers and high-level civil servants and friends or politically connected individuals who may not be qualified to run a business entity (Aemi Isa, Talent Management Practices and Employee Engagement: A Study in Malaysian GLCs, 2014). In consequence, the companies incur losses resulting in poorer return on capital and shareholder value and lower productivity of employees and organizations, wastage and secure the public or private resources to meet operational costs, implement expansion plans and service debts (Dahlan, 2009). However, this can compare to
other organization which is from public sector organizations of the issue of bureaucratic meddling. The increase of public sectors led there are more integration was needed to produce and exchange which caused the less of opportunity to communicate between employee layer by layer. Therefore, the organizations adopted ICT to make bureaucracies more efficient and effective in public sector. Hence, office automation software, database management system and automated decision support system can help to reduce the miscommunication between employees and top management layer by layer by incorporating ICT system multiple levels of control of bureaucratic process (Anronio Cordella, 2015).

1.2.5.2 INEFFECTIVE OF PERFORMANCE MANAGEMENT SYSTEM (PMS)

Performance management system (PMS) is an integrated and completed approach which involving the process of identifying, evaluating and developing an employee job related behavior and discover employee current performance and how they can improve employee performance on their job in the future. It is an instrument for managing and rewarding performance. Developing a strategic and effective PMS is essential for an organization. An effective PMS helps organizations to better leverage human capital and optimize workforce so that productivity of employee will increase which can sustained organizational growth. Next, effective PMS also provides information that facilitates discussion for organization to access and rate workforce’s performance when they are achieved the target and goals of organization needed such as salary increases, awards, opportunities of training and development as well as transfer to the higher position. PMS provides a comprehensive review of performance for manager and subordinated to identify and evaluate the strength and weakness of subordinate’s performance which enable to structure communication between organizational units. As a result, when organization implement an effective PMS can increase employee and organization performance, employee satisfaction on job, boost on morale and increase retention of committed employee and talented workforce (Tommy Uduak Ime, 2015).

However, some of organizations faced challenges in implementation of poor and ineffective PMS on talented employees such as errors in rating and evaluation such as unsuitable of PMS, stereotyping and empowerment of top management. A poorly designed and ineffective PMS will cause employee did not get rewarded suitably and fairly as well as employee feel unequal treatment due to perceived and received different level of performance appraisal compared with other employees. Thus, this led the organizations occurred improper appraisal on talented employees. In consequence, this will distrust between management and
staff caused the talented workforce will lack of confidence and dissatisfy on PMS and job, loss employee motivation and led engagement on job and performance rates become lower ultimately increase turnover rate of talented workforce in organization (Biswas, 2014).

As in GLCs Malaysia, the organization faced serious issue of ineffective performance management system which occurred unfairness on performance appraisal towards employee. There was weak linkage between employee’s performance and reward scheme. It can be illustrated that the top management had a right to made and override the key performance indicator (KPI) based on the basis of political consideration, therefore the employees feel unfairly treated due to they do not have the opportunity to correct the points and it will never show to them by top management (Aemi Isa, Talent Management Practices and Employee Engagement: A Study in Malaysian GLCs, 2014). For instance, majority of non-executives from operating department in TMC which was a public listed company in Main Market of Bursa Malaysia Securities Berhad felt unfair and stated that there was political games at workplace caused small differences in assessment scores in performance evaluation of employees given from top management. Thus, the different of assessment scores even in 0.1% caused the performance rating of employees reduced and led employee engagement lower, motivation of employees and career prospect or bonus affected. Additionally, it also illustrated by one of the managers at GLC Malaysia feel unfair and stated that his own achievement of KPI is very good so he helped other regions to achieve their KPI but when the performance evaluation made, the other region informed that they had better performance evaluation than him. It can be inferred that KPI is not linked with bonus (Noor Raudhiah Abu Bakar, 2016).

Compare to Malaysian Multinational Corporation (MNC) which had occurred the same issues included amidst protests from employees who had received uniformed salary increment tied only to company’s performance and not individual performance, some of employees who had received the Yearly Incentive Plan (YIP) bonus payment higher than company-average but scored not as good in their final rating hence they received average increment. Ultimately, the HR department of organization had introduced the Balance Scorecard to evaluate all levels from non-executive up to top management by using key performance indicators (KPI) through mid-year performance review to avoid the unequal distribution of award in MNC (Raemah Abdullag Hashim, 2015).
1.2.5.3 TALENT RETENTION

Employee retention become an important item of the human resource management. All organization strive to maintain high rates of employee retention for maximum period of time especially to maintain the key talent with excellent skills, ability and experience to handle certain tasks, thus this can reduce the talented employee or other workforce turnover from the organization (Favid Mwakidimi Msengeti, 2015). However, the challenge of attracting and retaining talent became the top of list of challenges which was a most critical issue faced by many organizations and managers in any fast-growing economy nowadays. There are some of reasons that caused the talented workforce turnover from organization due to weak talent management strategies such as lack of supervisor’s supervision and feedback, job dissatisfaction, ineffective pay system, lack of training and development (Siti Faridah Sulaiman, 2018). Weak talent management practices will directly affect employee engagement and commitments is related to the individual’s attitudes, behaviors, job satisfaction and intentions and led the talented employee engagement affected and therefore employee retention of an organizations.

Further regarding the issue of retaining talents, not many organizations are realizing talents retention problem as a result of this issue will affect the overall organization performance and achievement, reduce competitive of organization and increase costs related to new recruitment and training on new employees, lower morale of employees and lower outputs of organizations (Aerni Isa, 2018). This can illustrate that according to Zenefit, more than half of large companies in United States (US) revealed they are having issues keeping their most talented employees. Employee retention problem is widespread and growing which there are 31% of U.S workers had left a company within their first six months and some 42 million U.S employees approximately more than 1 in 4 leave their jobs in any given year to work for another company which caused organization need to recruit new employees to replace the employee (The Challenges of Employee Retention, n.d.). As GLCs in Malaysia, the organization faced difficult situation in retaining qualified talent in every sector. Massive brain drain has been occurring and this issue caused the shortage of 60,000 accountants emerged in GLCs Malaysia (Aemi Isa, Talent Management Practices and Employee Engagement: A Study in Malaysian GLCs, 2014). According to report of Study on Talent Demand and Supply in the Oil and Gas Sector in 2012, majority of respondent reported that many of oil and gas companies continued loss of talented workforce of Malaysian professionals to other countries particularly to the Middle East which the overall attrition rate around 10% caused the lose of
skilled and experienced talented employee, increase in remuneration costs for skilled and experience of talented workforce and increase competition from the global (Study on Talent Demand and Supply in the Oil & Gas Sector, 2012). Compared to Clif Bar and Company at California had biggest successful which had achieved 97% retention rate. The founder of Gary Erickson had developed employee stock option program (ESOP) which was to build culture of ownership for keeping the employees invested in the success of business with provided bonus as sustainable benefit for employees and more consistent with company’s core values. Besides that, Clif company also emphasized on investment in personal development. Clif company will help talented employees to create personalized growth and development plan so that they will live with values in their careers as well as rewarded employees when they achieve their target and consistent with company values. As a result, Clif Bar and Company emphasized on compensation and development of employee as retention strategy to reduce the attrition rate of talented workforce (Murphy, 2020).

1.2.5.4 TALENT SHORTAGE

In the worldwide, it is increasingly apparent that talent will be one of the scarcest resources either in developed or developing country competing for finite supply of human capital. The high technology and era globalization caused the company faces numerous and complex challenges included talent shortage in organization. Many companies and employers faced to manage talent shortage which became one of the fundamental HR problems. The fluctuating aspects of globalization and high technology had caused the necessity for new capabilities, skills and enthusiasm, the unfavorable of demographics changes led the scarcity of suitable talented which became a significant challenge faced by many companies and affected their talent management systems. Consequently, the changing characteristics of world demography pattern caused the workforce being changing, gap of ability and experience, expert skills and knowledge are being lost as well as qualified replacement for job position also difficult to find and retain (Bathmavathy Dalaygam, 2017). For instance, according to global studies had conducted by Manpower Group illustrated that there are 30% to 40% of global employers voiced out that scarcity of talent workers which difficult to fill the vacancies and retain the employees between 2006 and 2016 (Wojcik, 2020). Besides this, according to annual talent shortage survey conducted by Manpower’s Group indicated that 45% employers from Asia-Pacific were difficulty to fill job vacancies due to lack of available talent. There are 57% of employers reported that they had difficulty in hire suitable employee for the job positions due to workforce were lack of experience, skills and knowledge (Abadie, 2012).
As in GLCs in Malaysia, issue of lack of talented employees was the major issues which in experienced of electrical and electronic engineer occurred in the industry. Penang Chief Minister Lim Guan Eng stated that this issue caused lost of US$3 billion worth of foreign investment due to it could not “commit” to having 1,000 engineers and this thus hampering economic situation in Malaysia. In addition, the massive brain drain is an on-going problem for GLCs that caused shortage of talents in Malaysia. Malaysian lose the skilled talent employees due to some of the graduates preferred to work abroad (Aemi Isa, Talent Management Practices and Employee Engagement: A study in Malaysian GLCs, 2014). According to National Instruments Malaysia managing director Rajesh Purushothaman stated that it is more difficult to source and hire the high-calibre of engineering talent in public sector and private sector at Malaysia for growing business. He also stated that the engineering talent fresh out of local universities were lack of skills, level of knowledge and standards of National Instruments required (Sharmila, 2016). When compare to IT sector from India, many IT companies in India such as Infosys faced issue lack of quality talented workforce which estimated shortfall of 500,000 IT professionals. The job position which shortage of talent such as web designing technology, web development skills and talented middle managers are required in IT sector. Therefore, the company provided training and development programs, simulation techniques and opening the world’s biggest training center for the new hires to reduce the issue of talent shortage in this sector. (The Talent Management Practices followed by organizations, 1970)

1.2.6 SOLUTION TOWARDS ISSUES

Some alternative solutions towards the issues of GLCs Malaysia had outlined below and recommended which can beneficial for organizations. With these recommendations, GLCs organizations can improve in focus on nurturing and developing talent of human in achieving organizational goals.

1.2.6.1 MAX WEBER THEORY

There are many organizations faced issue of bureaucratic which is an obvious feature occurred at all modern societies included GLCs Malaysia. In GLCs Malaysia, political patronage positions for retired military and high-level civil servants for relatives and friends, as well as internal control of top management led poorer return on capital and lower productivity had occurred in the organization (Aemi Isa, Talent Management Practices and Employee Engagement: A study in Malaysian GLCs, 2014). Hence, Max Weber Theory is recommended as solution
towards issues of bureaucratic meddling due to this theory provided with a clear line of authority with well-defined hierarchical management system along with proper procedures, rules and regulations to manage business operation based on the layer of management. Thus, every employee will be treated equally, power of distribution and work responsibilities are clearly divided which can prevent the empowerment of top management on employees occurred in the organization by using Max Weber Theory (M, 2019).

Max Weber Theory also named as bureaucratic management theory. It is an administration system to achieve objectives efficiency by laid down rules, regulation and procedures which organized hierarchically (Hashi, 2015). There are some characteristics of bureaucracy involved hierarchical management structure and impersonal environment from the theory recommended to overcome bureaucracy meddling in GLCs. In organization, the management should organize each employee from top to the lowest level into layers and split into departments or team with pyramid and systematic organizational structure. This means that the power, authority, job responsibilities and duties are distributed and defined clearly for each position within the hierarchy to prevent abuse of bureaucratic power and authority and political infighting in organizations which may damage organizational effectiveness. Moreover, impersonal of environment is also one of the characteristics in Max Weber Theory. In an organization, the impersonal relations should develop formal and uniformly among the employees which governed through the system of official authority and rules. This convey that the managerial decisions with every workforce must be rational and independent so that there will no preferential treatment and favoritism on employees. As a result, the top management can make the decision rational and help keep work relationship impersonal either between friends, other departments or other organizations (Bureaucratic Theory (Max Weber), 2019).

1.2.6.2 FAIRNESS OF PERFORMANCE APPRAISAL SYSTEM (PAS)

GLCs Malaysia are suggested to use fairness of performance appraisal system (PAS) to overcome issue of unfairness of performance evaluation between talented employees occurred at GLCs. Performance appraisal is a process to access employees, develop their competence, enhance performance and distribute rewards to employee. PAS is the essential tool in human capital to measure and evaluate employee job performance as well as provide a basis for achieving the success or failure of any organization. The issue of unfairness PAS is critical to performance administration. Employee will act to restore equity which they will balance inputs against outcomes if they perceived unfairness on PAS (Belete Getnet, 2014).
This system is recommended to overcome the issue because this is to ensure that the employees receive a fair performance appraisal result regarding salary increment and promotion which is valid, fair, and free from bias from their superior. The perceived fairness in performance appraisals will increasingly employee job satisfaction, higher productivity, engagement of talented employees contributed to organizational commitment, reduce turnover, receives attention and interest of employee on their tasks. It can illustrate that the fairness of PAS will effective on employees which they will help organizations to obtain more benefit with positive attitudes and motivate employees to improve their performance in the view of employees. When organization implement unfairness and inefficient of PAS on talented workforce, it can affect employee’s behavior, loyalty, reduce employee engagement to contribute to organizational goals, increase attrition rate of employee and tarnish employee-manager relationship (Prather, 2010). Therefore, fairness of PAS is an important criteria to any organization.

Furthermore, fairness of PAS had three distinct categories which are inter-related included interpersonal fairness, procedural and outcome fairness. Interpersonal fairness is defined by treatment of fairness which workforce receive from organization such as managers during the procedural implementation of performance appraisal such as politeness. This factor is focused on employees’ perception of employee-manager relationship, basis of perceived manager effectiveness, employee’s gender and age. For instance, if employees and managers had politeness and treated fair with each other, there will have good relationship between them so that this bring positive effect on growth, productivity and development of productivity. Next, the second category is procedural fairness can be elaborated as the fairness of evaluation procedure used to determine the ratings. The procedural fairness emphasized on clear expectations and goals given to the employee and the frequency and quality of performance feedback from employee’s manager to appraise performance of employees. Lastly, outcome fairness is received results based on the decision of appropriateness and outcomes associated with the decision made. In this factor, employers should perceive outcome on a fair basis which focus on receiving the outcome form employee such as employee’s performance rating consistency with aspects of fairness of pay and rewards should receive by employee.
1.2.6.3 MASLOW HIERARCHY OF NEEDS

GLCs Malaysia faced difficult in retaining qualified talent in every sector. In the face of this challenge, GLCs are recommended to adopt theory of Maslow Hierarchy of needs to enhance retention rate for pulling the talent turnover rate downward and reinforce employee engagement. Maslow Hierarchy of needs is an example of human motivation in aspect of life including work life. It is a pyramid to describe, identify and categorize the employee needs from the bottom of pyramid and move up each level to the top of pyramid to ensure that every employee’s needs are met or achieved. At the workplace, the needs will transfer to the workplace and organization need to identify and understand the workforce needs and wants contribute toward employee job satisfaction, resulting in lower turnover and improve talented employee retention (Employee Retention and Psychology, 2016).

![Maslow Hierarchy of Needs](https://www.sodexoengage.com/blog/rewards-recognition/applying-maslows-hierarchy-of-needs-theory-to-hr-responsibilities)

The Maslow’s hierarchy of needs consist of 5 level. The first level referred as physiological needs which is the most essential needs such as food, water, air, clothing, nutrition, shelter, sleep and health in the daily life. It can convey that if an individual has a job with receiving with regular salary so that these human necessities are mostly being met due to wage provided from organization is important to those who are struggling on the level of basic needs. Hence, if the individual had solved their essential needs, then he or she can move up to next need in the pyramid. Next, the second level is safety and security needs
which is personal and financial safety such as pay, insurance, pension and safe working environment offered to employees by company. This is to improve employee productivity, working performance and to keep employees healthy. Once safety need is met, employees are more motivated due to they can remains self-focused on their jobs and keep themselves at productive level. Thirdly, the third tier is need for love and belonging which is basic human need for friendship and intimacy. This is an important aspect in the organizational atmosphere. Organizations can promote group working and team building through social activities and employees can form relationship with management. Accordingly, collaborative social activities between managers and employees enables employee engagement increases in efficient working environment which fulfilling their social needs.

Besides that, self-esteem is the fourth tier from the bottom of hierarchy of needs. At this level, respect and appreciation from others is significant. For instance, organizations can use 360-degree feedback and appraisal system for helping to recognize employee contributions and help to celebrate their achievements as praise and respect. Lastly, the top of the pyramid is self-actualization after meeting all previous needs. Organization may offer opportunities such as further education or professional development opportunities, having career discussion with managers as well as work having reasonable and challenges of work to reach the highest and potential of employees and becomes the best of them (Applying Maslow's Hierarchy of Needs Theory to HR Responsibilities, n.d.).

1.2.6.4 4Bs Model

Talent shortage affected companies not only in GLCs Malaysia but also worldwide. The faster evolved of technology caused the changing the skills needed for jobs and many employers difficult to recruit the right skills of talent which organization needed as result talent shortage impact many industries across the globe in the digital age. As talent shortage persist, GLCs Malaysia are recommended to use 4Bs model to acquire the right talent and remain on the jobs to minimize the issue of talent shortage. By using this model, this is to ensure that GLCs can recruit the specialist talent so that the company will not negatively impact by talent shortages. There are four key parts in 4Bs Model that GLCs Malaysia need to develop an effective talent strategy involved build, buy, borrow and bridge.

The first part of 4Bs Model is build. In this part, GLCs company can invest training and development to grow talented pipeline and upskill the existing and potential workforce. As it is difficult to source specialist professional from labour market, GLCs company can provide
accelerated training programs to build their own talent-in-house through action learning, in-house program as well as coaching and mentoring. The investment on employees can encourages innovative ideas, creativity among employees, boost talented succession pipeline of workforce and ensure the employees own skills are needed at the right time. In addition, buy is the second part. In the second part, if GLCs organizations are cannot built-in-house in the required of timeframe on existing employees, so company need to deploy other best talented who have the right capabilities from labour market to fill the needed of skills gap. This can illustrate that employers need to prepare benefit packages, working environment, clear purpose of organization, strong employee value proposition and attractive organization culture (Buchanan, n.d.).

The next part is borrow talent. GLCs organizations must learn to cultivate communities of internal and external employee including part-time, freelance, contract and temporary workers to complement existing skills. This allows organizations to tailor outside ideas which can transfer skills, experience and knowledge from external talent. As an example, organization can employ temporary talent to fulfill skill gap for a particular project or an employee on leave in a short-term basis. Lastly, the fourth part is bridge in 4Bs Model. The final pillar is to help people to move on and move up to new roles whether inside or outside of organization. Employers from GLCs have to ensure that they help employee to identify and optimise transferable skills and training opportunities through “bridge” or support employees due to some roles may evolved or becoming redundant. Therefore, talented workforce can take their skills and transition to new roles smoothly in other business (Experis, 2018).
1.3 SUGGESTION & CONCLUSION

1.3.1 SUGGESTION BY SWOT ANALYSIS

<table>
<thead>
<tr>
<th>Internal Factor</th>
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<tbody>
<tr>
<td><strong>Strength</strong></td>
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<tr>
<td>• Staff training and development scheme</td>
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<tr>
<td>• Focus on becoming commercially-oriented enterprises</td>
</tr>
<tr>
<td>• Potential talent create value for business competitive</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>• Unpredictable and non-repetitive daily work</td>
</tr>
<tr>
<td>• Bureaucratic meddling of top management in decision making</td>
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<tr>
<td>• Unfairness on performance appraisal towards employee</td>
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<td>• Massive brain-drain of talented employee</td>
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<tr>
<th>External Factors</th>
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<tbody>
<tr>
<td><strong>Opportunities</strong></td>
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<tr>
<td>• Skilled talented workforce</td>
</tr>
<tr>
<td>• Capability of management</td>
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<tr>
<td>• Adopt professional management structures to reach global market</td>
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<tr>
<td><strong>Threats</strong></td>
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<tr>
<td>• Talented employee turnover</td>
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<td>• Competition on talented employees with developed countries</td>
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Table 1: Suggestion for improve organization performance via SWOT Analysis

SWOT analysis is shortened form for strength, weakness, opportunities and threats. Strength and weakness are internal factor which considered to be affirmative by nature while opportunities and threats are external factor affected to an organization which considered to be affirmative by nature.

Based on the table of SWOT analysis, GLCs Malaysia had provided training and development to their employee as a strength. The investment of training and development on employee can help employees enhance their capabilities to close skills gaps. For example, organization can provide individual training programs which employees can choose to attend as they want and corporate training programs such as equal employment opportunity training
for them. Next, GLCs are more focused becoming commercially-oriented enterprises. As a result, organization can innovate new product or service, implement new procedures, new methods of production and developing new systems which can help GLCs pursue and exploit new markets for sustainable organization performance and growth. In addition, talented employees with high potential and high performance create value for GLCs as one of the strengths. Organizations can work together with high performers and make substantial investment to enhance the innovation result in positive influence on value creation of company such as reduced dissatisfaction on work and intention to leave of talented employees.

Weakness is a factor which may hinder the organization achieve objectives. The unpredictable and non-repetitive daily work may affect GLCs company performance. So, employees are suggested to adapt effective task-switching based on emergency of related tasks which can reduce their panic and improve organization performance. For example, when an employee has three tasks need to accomplish in the next fifteen minutes, he or she may try to rapidly switch tasks which focus on one of tasks until completely done then move to the next. Moreover, bureaucratic meddling Bureaucratic meddling of top management in decision making caused the organization performance affected. GLCs can adopt bureaucratic system but this system should based on the following basis included the specialization of job must distribute fairly from the highest level to the lowest level and separation between bureaucratic system and employee activities so that can produce effective organization performance. Additionally, for the issue of unfairness on KPI towards employee, GLCs company are recommended to implement decision making on evaluation on KPI based on division of organizational structure which divided into 4 tiers consist of CEO, General Manager, Assistant General Manager and Assistant Manager. Hence, the flow of the evaluation of KPI among employees are clear based on the line of business and help in improve employee and organization performance. The fourth weakness is massive brain drain of talented employee in GLCs. Organization are suggested to increase salary and provide attractive reward package which should be competent enough with overseas salary and reward package so that talented employees will feel they fair treatment between country.

Opportunities is defined as favorable characteristics influenced by the interests of the organization. First, skilled workforce who had trained through training courses by organization create opportunity to increase performance and productivity of workforce and organization. In GLCs, every employee had their own role, so the management in every department should
understand the employee’s role and determine where they need to improve by offering associate and suitable of individual coaching or staff training courses. Next, management of capability is essential to leverage employee engagement in GLCs Malaysia. For instance, GLCs should have to create a healthy leadership-employee relationship. Therefore, balancing moral perspectives in empowerment and work engagement between employee and leader will develop effectively to reduce unfairness and incapability of management in GLCs organization. GLCs create competitive advantage for sustaining market dominance and superior performance in both international domestic markets. Organization are recommended to create new innovations such as utilizing available resources to create economic benefits or differentiation on product or service which can transform into opportunities. As a result, it can lead the organization to sustainability of performance in organization.

While treat is changes of external environment threats to an organization. Employee turnover is a biggest threat which had direct impact GLCs organization revenue and profitability. GLCs Malaysia are recommended to recognize top performers which to keep the best talented employees, boost productivity, retention and reduce costly turnover rates. GLCs are also can develop an effective on-boarding system through planning and embed development plans into continuous onboarding program such as monitor shifts in knowledge, skills and engagement to help reduce employee turnover and keep employee retention. GLCs Malaysia face competition on talented employees with developed countries, so GLCs as a local organization recommended to recognize and consider to improve strategy of talent retention to reduce the competition with global companies such as additional bonuses, stronger financial incentives, improved career development opportunities for recognizing what is the important to employees in an organization. In consequence, this can attract more potential talented employee who can contribute to organization growth and performance.

1.3.2 LIMITATION OF CASE STUDY

This case study was applied in GLCs in Malaysia. However, the researcher faces some of limitations have been identified in this case study. Firstly, the researcher was unable to identify and recognized which company faced the issue of talent management affected employee engagement under GLCs. Moreover, the researcher also unable to obtain more information, issue or the literature that is relevant for this study from journal, articles and books.
1.3.3 RECOMMENDATION FOR FUTURE CASE STUDY

The study was limited only to Government Linked Company (GLCs) in Malaysia. In the future case study in the same area can extend to government companies from other countries around the world. Secondly, the study also can be extended to other private companies in Malaysia as it faced issues on talent management affected employee engagement.

Furthermore, future of case study may examine whether aspects in demographic such as age group, race and employee levels had significant different in perception of talent management in employee engagement. Lastly, it can have interview with employees in order to obtain more information to understand more deeply about how the issue of talent management occurred affect employee engagement in future study.

1.3.4 CONCLUSION

In conclusion, talent is the important source and crucial for competitive advantage in GLCs to enhance their contributions towards the country’s economic development. Therefore, talent management of an organization are crucial to manage well for improving employee engagement which lead to improve employee and organizational performance. In this study, this concluded that effective talent management practices have a positive relation with employee engagement.

Human Resource (HR) managers must focus on the issue of talent management occurred at GLCs involved bureaucratic meddling, ineffective performance management system (PMS), talent retention and talent shortage which in turn can have negative impact on organizational performance. Further, this study had provided there are several alternative solutions using appropriate theory or model which recommended to overcome related issues in GLCs Malaysia, Max Weber Theory use to overcome bureaucratic meddling, fairness of performance appraisal system (PAS) use to overcome ineffective PMS, Maslow Hierarchy of Needs use to overcome talent retention and 4Bs Model use to overcome talent shortage.

Further, talent management has crucial impact on employee engagement which will direct affect employee and organizational performance. This implies that right and fairness evaluation of employee performance, decision-making of top management, fairness distributive of compensation and reward, training and development, motivation to minimize employee disengagement and increase employee retention. Thus, GLCs Malaysia must
implement effective and efficient talent management in every sector to ensure the employees will be more engaged with job and organization as well as they tend to remain in current organization for long run.
References


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