



Promoting human capital through talent management practices: Contextual role of psychological contracts

Mehdi Yazdanshenas

Department of Business Management, Allameh Tabataba'i University, Tehran, Iran

Article Info

Article history:

Received 25 October 2016

Revised 6 September 2017

Accepted 7 October 2017

Available online 31 October 2019

Keywords:

human capital,
psychological contracts,
skill enhancement practices,
talent management

Abstract

The purpose of this paper was to explore the direct and indirect effects of skill enhancement practices on human capital based on a talent management framework. In this research, and according to the psychological contract theory, it was assumed that employees' responses to skill enhancement and talent management practices mediate those effects. Therefore, employees' perceptions of intended qualities and talents as well as related rewards would affect their obligations to develop their skills and consequently, would determine the state of the organizations' human capital. The present study with a descriptive-survey approach examined the aforementioned assumptions and relationships within the branches of a large bank in Tehran. Research questionnaires were distributed randomly within sample branches and necessary data were collected from the bank's employees. Outputs of regression analysis and structural equation models showed that skill-enhancement practices had a significant and positive effect on human capital. Also, organizational talent inducements mediated the relationship between skill-enhancement practices and human capital. However, the findings did not confirm the mediating role of employees' obligations to develop their skills in the relationship between organizational talent inducements and human capital.

© 2019 Kasetsart University.

Introduction

Today, organizations operate on the basis of the skills and talents of employees and have concluded that they can succeed through recruiting and training the best and most talented staff (Philips & Roper, 2009). Economic changes that pose significant challenges for companies are named as one reason for the implementation of talent management practices (Ewerlin & Sub, 2016). Some scholars believe that attracting and retaining talented people for private as well as public sector organizations is a strategic necessity and this necessity and urgency are due to the lack of skills and skilled workers, demographic changes in the workforce, the multi-dimensionality of employee performance, increasing diversity and differences in human

resources, and because of trying to find a balance between work and life (Harris & Foster, 2010; Mensah, Bawole, & Wedchayanon 2016). On the other hand, human capital management includes designing and implementing strategies and processes by which work outputs are increased through taking advantage of systems and processes for attracting, developing, retaining, and utilizing the skills, capabilities, and talents of employees which are consistent with the current and future needs of the organization (Joshi, 2012). In addition, since McKinsey proposed the subject of the "battle for talent" in 1997, the term talent management entered into management literature and since then senior managers, human resource managers, and consultants have paid a lot of attention to it. Some scholars like Boudreau and Ramstad (2007), Collings and Mellahi (2009) and Tarique and Schuler (2010) have proposed different conceptual frameworks on how to use talent management in the field of human resources but to date, there are many shortcomings in the area of empirical research. In general, talent management is defined as a process by which

E-mail address: yazdanshenas@atu.ac.ir

<https://doi.org/10.34044/kjss.2019.40.3.07>
2542-3151/© 2019 Kasetsart University

employers can estimate and meet their human capital needs (Cappelli, 2008). Clearly, having the right human resources with adequate skills in the right jobs can be considered as an important source of competitive advantage (Barney & Wright, 1998). According to multiple evidence, major assets of the most successful companies consist of intangible assets such as human capital, so that even human capital reporting can have a positive impact on the stock price and market value of a company (Hassasyeganeh, 2014). Therefore, organizations need to be more dynamic and efficient in using their resources, especially the assets that form the intellectual capital, to achieve longstanding positive results. Human capital is the central element of capital and is formed by the competencies of the company individuals, including knowledge, skills, experience, expertise, and capabilities (Vidotto, Ferenhof, Seli, & Bastos, 2017). However, current researchers in the field of talent management and human capital management have paid little attention to the role of other organizational variables and factors. In the academic field of Human Resources Management (HRM), talent and talent management seem to be relative poorly developed research subjects, and to add a lasting contribution to the field of HRM, talent management has to overcome some limitations and shortcomings (Thunnissen, 2016). This criticism is endorsed by the lack of sound empirical evidence for the conceptual models and ideas. Furthermore, the emphasis on organizations' interest is also noticeable in empirical research on talent management, in which HR professionals, managers, and executives are the commonly targeted research population and just a few empirical studies examine talent management from an employees' perspective (for example, Bjorkman, Ehrnrooth, Makela, Smale, & Sumelius, 2013 and Dries & Pepermans, 2008). So, even though talent or talented employees are the central subjects in talent management, there is little interest in their experiences and opinions. Therefore, this study tried to explain this lack and in this order, direct and indirect effects of skill enhancement practices on human capital have been examined based on the talent management approach and psychological contracts as well. In this study, talent management was considered as a distinct set of activities which are based on the capacities and capabilities of employees influencing on organizational performance (Collings & Mellahi, 2009). This study also assumed that employees may have different reactions to the incentives offered by the organization for skill enhancement activities as well as talent management programs so that these different reactions can adjust the relationship between these activities and the level of human capital. Accordingly, the theory of psychological contracts has been used as a basis for assessing employees' perceptions and inferences about the motives presented by organizational talent management programs and also for analyzing the effects of these perception and inferences on employees' commitment to develop their skills. Psychological contract fulfillment, that is, the extent to which one party in a psychological contract considers that the counterparty has met its reciprocal obligation in the exchange relationship, is a topic of great importance for researchers and practitioners (Kim, Laffranchini, Wagstaff, & Jeung, 2017).

Also, it should be noticed that the financial sector is known for relying on human and intellectual capital as key distinctive

assets. Unlike manufacturing, the performance of financial organizations is found in the quality of the contact between the service provider and the customers. The quality and the intensity of the human knowledge mobilized in the underlying processes are critical for the firm's final output (Mansour, Gara, & Gaha, 2014). According to Mention and Bontis (2013, p. 289), "given the close interaction between the supplier and the customer in the co-production process, individuals prevail in services". In this paper, in addition to investigating the direct effect of skill enhancement activities on human capital, the mediating roles of employees' motivation and commitment to develop organization's desirable talents and skills have been studied in the banking industry. Therefore, the main objective of this paper was to examine both the direct and indirect effects of skill enhancement practices on human capital based on the talent management and psychological contract approaches in order to clarify the important role of employees' perceptions in the effectiveness of an organization's talent management activities in promoting human capital.

Literature Review

Despite the importance that talent management is claimed to have, there is no agreement among practitioners or academics as to what exactly talent and talent management mean (Gallardo-Gallardo, Dries, & Gonzalez-Cruz, 2013). Collins and Mellahi (2009) interpret talent management as a distinct structure within human resource management by which different roles of individuals and groups are identified and explained. Creating talent pools, decreasing turnover and intention to quit especially in key positions are the most important results of organizational talent management (Hosseini, 2011). In the present study, based on the definition of Collins and Mellahi (2009), talent was considered in terms of behaviors or characteristics which are essential for achieving organizational goals. In addition, it was assumed that the logic of investing in talent management, from the perspective of an organization, is that human resource management practices which are used to managing talent, finally would increase an organization's human capital (Collings & Mellahi, 2009; Tarique & Schuler, 2010). Human capital represents the knowledge and skills—whether general or specific to the task context—that individuals bring to a task they set out to perform and, as a basic tenet, is expected to improve task performance (Dimov, 2017). Organization's human capital consists of knowledge, skills, and abilities which are useful and valuable to the organization. This study attempted to provide a framework to represent the direct and indirect impacts of skill enhancement activities on human capital. Direct effects of skill enhancement practices refer to skills formation and capabilities development of human resources and indirect effects refer to the effects of skill enhancement activities on stimulating talents within the organization and positive responses of employees to these incentives by means of increasing their commitment to develop their skills and abilities. So, employees' motivation to develop useful skills as well as their obligation to promote the organization's desirable capabilities may play a mediating role in the effects of talent management activities on human capital development in the organization. These indirect effects can be

analyzed based on the psychological contracts approach. According to the definition provided by Rousseau (1995), psychological contract is a mental phenomenon and includes some beliefs which are based on employees' expectations about the obligations of the organization toward them as well as their commitments to the organization (Moradi, Karimimazidi, & Golestaninia, 2013). A psychological contract often begins with the recruitment process, where the potential employee sense-makes what is being offered by the organization. In turn, this can develop into a sense of perceived obligations from organization-to-employee, and thus, the basis of a psychological contract is formed (Senior, Fearon, McLaughlin, & Manalsuren, 2017). Therefore, this study investigated the indirect effects of skill enhancement activities on human capital based on the psychological contracts theory.

Direct Effect of Skill Enhancement Activities on Promoting Human Capital

According to the strategic human resource management perspective, organizational talent management focuses on those HRM activities that increase the skills and capabilities of human resources with the aim of achieving high levels of human capital (Cappelli, 2008). In this regard, the relationship between HRM practices and organizational performance has attracted great attention and been reported in numerous studies (Combs, Liu, Hall, & Ketchen, 2006). In addition, relatively useful theoretical frameworks have been proposed to explain these relationships such as the capability-motivation-opportunity model and human capital framework (Deleray & Shaw, 2001; Lepak, Liao, Chung, & Harden, 2006). The main purpose of human capital management is consistent with the aim of organizational talent management which means that human capital is defined as the realization of the employees' knowledge, skills, and abilities which are necessary to achieve organizational goals (Snell & Dean, 1992). Human capital is an active power in a person and increases that person's ability to produce goods and services that disdain the person's personal and social well-being. The wide differences between levels of individuals' capacities are due to differences in attaining abilities which is known as human capital (Senovbari, 2009). Youndt, Subramaniam, and Snell (2004) introduced create and purchase approaches as two main approaches through which HRM skill enhancement activities can improve human capital. The first approach is concerned with human resource management activities within the organization that expand the skills and abilities of employees and provides opportunities for them to use their skills in order to serve their organization. The second approach (the purchase approach) includes activities in the field of human resource management which have external focus and would lead to finding a collection of people who enjoy needed skills and competencies. Both of the activities of human resource management can have their special effects through the absorption, recruitment, and retention processes (Rynes, Gerhart, & Parks, 2005). These processes are generally well-run in organizations and there is general agreement in the literature that HRM activities are associated directly with human capital through their impacts on the staff's skills and abilities as well as through opportunities provided to apply these skills (Deleray & Shaw, 2001; Lepak et al., 2006). From

whichever approach is considered, both conceptually and practically, it is individuals who are usually assumed as the units for attention where talent is seen as a form of human capital (Gold, Oldroyd, Chesters, & Waugh, 2016). Pardo and Moreno (2009), building on the assumptions of the resource-based view and the behavioral theory, have investigated the linkages among HRM functions and performance of financial firms in Spain. Their results revealed that high performance work systems which consisted of some HRM functions were positively related to firm performance, human capital, and HR outcomes. Based on the above discussion, the first hypothesis of this study is presented as:

Hypothesis 1) skill enhancement activities have a positive impact on human capital promotion.

Indirect Effects of Skill Enhancement Activities on Human Capital

In the first hypothesis, talent management is considered as a means to emphasize the strategic importance of human resource expertise; that is, emphasis is on HRM skill enhancement activities aimed at recruiting and developing such employees that have some features which are considered as talent for the organization. HRM scholars have argued that such a perception and understanding of staff and their responses to the HRM activities can be explained by the indirect effects of HRM practices on organizational outcomes such as human capital (Boxall & Mackey, 2009; Wright & Nishii, 2007). Many of the outcomes of HRM activities are adjusted through cognitive processes that influence employees' personal attitudes and behaviors (Ostroff & Bowen, 2000). In particular, the motivational effects of employees' perceptions of the incentives available to track organizational goals affect the relationship between HRM practices and organizational outcomes (Lepak et al., 2006). According to Gottschalg and Zollo (2007) potential advantages of organizational knowledge and skills are achieved to the extent that employees are motivated to act in the direction of the organization's objectives. As a result, the potential of HRM practices to improve the human capital of an organization depends on the level of the responses by individual staff to the HRM activities and on taking actions to develop desirable characteristics. These staff responses have been well-regarded in psychological contract theory (Guest & Conway, 2002). The psychological contract model is explicitly based on employees' perceptions of the recruitment transaction (reciprocity) between employees and employers, that is, in the hiring process, the organization proposes a set of motivating factors and in return, specific behaviors will be expected from employees (Rousseau, 1995). Therefore, the psychological contract is considered as a basic and useful perspective by which indirect effects of HRM functions and activities can be evaluated (Wright & Nishii, 2007). The psychological contract describes the perceptions of employees regarding the reciprocal obligations between themselves and their employing organization (Rodwell, Ellershaw, & Flower, 2015). In addition, violation of the psychological contracts may reduce job satisfaction and organizational commitment and increase turnover and deviant behaviors by employees (Golparvar, Hosseinzadeh, Abedini, & Ashja, 2014).

Role of Psychological Contracts

HRM theorists emphasize the role of HRM practices in explaining and declaring organizational goals and in motivating desirable behaviors. According to this view, HRM activities can affect employees' perception of the organizational actions as well as their reactions against them (Guest, 2004). Specifically, HRM activities consistently and consciously or unconsciously, represent signals that people interpret them and perceive what the desirable behaviors are and what rewards are related to them (Guzzo & Noonan, 1994). These activities determine employee's perception about qualities, attitudes and behaviors which are regarded as desirable and thus would be rewarded. Psychological contracts are considered as important patterns for understanding employment relations which are defined as individuals' beliefs about explicit and implicit mutual promises between them and the organization. These promises and commitments can be transactional or relational in nature. Transactional psychological contracts primarily focus on the economic benefits that the employees pay attention to and expect to receive from the organization. Relational psychological contracts are concentrated on social-emotional benefits such as growth opportunities, organizational status, loyalty, and identity (Chambel, 2014). In the psychological contracts literature, these dynamics have been studied based on the employees' perceived motivation and their sense of commitment to contribute to the organization and to participate in organizational programs (Rousseau, 1995). In fact, psychological contracts determine the nature of organizational motivation and behavioral attributes by which rewards and bonus are granted (Shaw, Dineen, Fang, & Vellella, 2009). In this study, according to talent management discussion, both transactional and relational psychological contracts were considered as a useful perspective by which employees' perceptions about motivating and stimulating talents are examined. Furthermore, most psychological contract researchers have focused on the negative outcomes resulting from psychological contract breach, while less attention has been paid to the positive or functional outcomes associated with agreement and psychological contract fulfillment (Heuvel, Schalk, Freese, & Timmerman, 2016). As employees interpret explicit and implicit signs and indications of the HRM system, they believe in characteristics and behaviors that form the concept of talent within the organization. HRM activities provide significant and striking information which can enter into the employees' cognitive frameworks and guide their subsequent behaviors (Guzzo & Noonan, 1994). The important point is that as the organization places more emphasis on HRM skill enhancement activities, more employees come to the understanding that such characteristics are desirable and are valued by the organization. As more employees perceive that these valuable characteristics and behaviors would be rewarded, they would be more motivated to align their behaviors according to them. As a result, employees' perception about organizational specific talent stimulators as well as their responses to them would be the pivot of human capital

promotion. Moreover, according to goal-setting theory and expectancy theory, such indicators which determine the type and nature of desirable talents as well as the motivators that seek to nurture these talents and skills, are able to act as a cognitive framework to organize goals and necessary actions to achieve them. Based on the above discussion, the second hypothesis of this study is presented as:

Hypothesis 2) motivations set forth by the organization to foster and develop talents, play a mediating role in the relationship between skill enhancement activities and human capital.

As proposed, the incentives offered by the organization to nurture talents can act as a cognitive framework for aligning employees' behaviors with organizational goals. However, this proposition suggests that staff try to actually participate in the organizational programs. This assumption is also compatible with the reciprocity norm (Gouldner, 1960). Gouldner (1960) stated that individuals help others to maximize their outputs through which they can get a sense of mutual aid from others. According to this norm, people inferred that an organization invests in relationships with employees who have positive feelings about these investments (Cole, Schaninger, & Harris, 2002). In line with the reciprocity norm, social exchange theory is applicable in this regard as well. When social exchange theory is applied across the organization, it means that individuals and organizations have entered into mutual relationships by which a supportive, fair and equitable environment is provided for promoting staff loyalty and commitment (Wang & Hwang, 2012). On one hand, staff interpret the organization's attention toward talented people and creating optimal working relationship with them as the organization's commitment toward employees and on the other hand, according to the reciprocity norm, employees act to align their commitments to create and apply desired skills to serve the organization. Yet, such relationships between HRM activities, perceived incentives, and employees' commitment have not been explained exactly in the psychology and organizational behavior literature. In general, it is likely that employees differently understand and interpret HRM functions and respond to them in different motivational frameworks. Although most studies of psychological contracts have generally focused on the process of reciprocity, for example, by examining the relationship between the overall level of motivation and employees' commitment, it can be said that the main idea of talent management is to increase human capital in which the role of the other mediating factors need to be studied more carefully (Cappelli, 2008). Thus, implicit and explicit incentives for talent promotion should naturally compel employees to continue to develop their skills and abilities. Therefore, the third hypothesis of this study is:

Hypothesis 3) employees' commitment to develop skills, plays a mediating role in the relationship between talent promotion motives and human capital.

Based on the abovementioned argument and hypotheses, the research conceptual framework is provided in Figure 1.

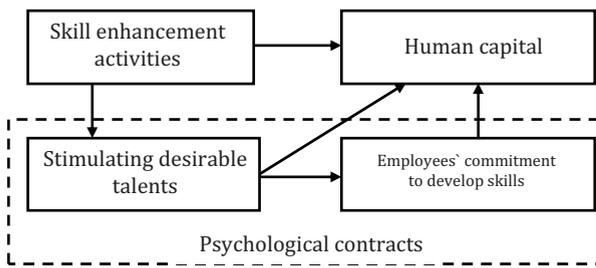


Figure 1 Research conceptual framework

Methodology

By purpose, this study involved applied research and methodologically was a descriptive survey. The statistical population consisted of employees of the Melli Bank, the largest bank in Iran, with more than 3,300 branches in Iran of which more than 130 branches are located in Tehran. Therefore, research questionnaires were distributed randomly among the sample of employees of sample branches in Tehran which consisted of 98 branches and 384 respondents according to Cochran's sampling formula. Sample branches were selected randomly and then in each branch research respondents were selected randomly as well according to their personnel codes. Research questionnaires were sent to the e-mail addresses of the heads of branches and after one week, completed questionnaires were gathered by the researcher. Seventy percent of the questionnaires were returned which is quite appropriate for analyses. Of the respondents, 77 percent were men and 23 percent were women of which 10 percent had a ere diploma, 17 percent had an associate degree, 61 percent had a Bachelor degree, 10 percent had an M.A., and 2 percent had a Ph.D. Of the respondents, 9 percent had less than five years of work experience, 28 percent had 6 to 10 years of work experience, 34 percent had 11 to 20 years of work experience, and 10 percent had more than 20 years' experience. To assess skill enhancement activities a questionnaire based on Takeuchi, Lepak, Wang and Takeuchi (2007) was used. This questionnaire evaluates the status of the human resource management

activities of an organization which is dedicated to development and training. For the assessment of proposed incentives to foster talent in the organization, a questionnaire after Hoglund (2012) was used and for the assessment of the organization's human capital a questionnaire after Carmeli and Schaubroeck (2005) was used. Finally, the questionnaire of Rousseau (2000) was used for measuring employee commitment to develop skills. All of the scales used a five-point Likert-type scale ("1" = strongly disagree, "5" = strongly agree). Because research questionnaires have been used in previous studies, this approach, to a large extent can be regarded as valid. For total assurance of the validity of the research tools, expert opinions were applied and the necessary amendments were considered. Reliability of the research tools was tested using Cronbach's alpha coefficient. Table 1 shows the reliability coefficients for the different variables and for the entire research tool. These coefficients confirm the high reliability of research tool. Regression analysis was used to test the first hypothesis because the direction of the relationship had been determined in the conceptual framework. Also, structural equation modeling and the Lisrel software were used to examine the second and third research hypotheses as well as for the research on the conceptual framework.

Results

As mentioned above, regression analysis was used to examine the first hypothesis, which was that the HRM practices that are used to improve employees' skills have a positive impact on the organization's human capital. Table 2 shows the regression analysis for this hypothesis.

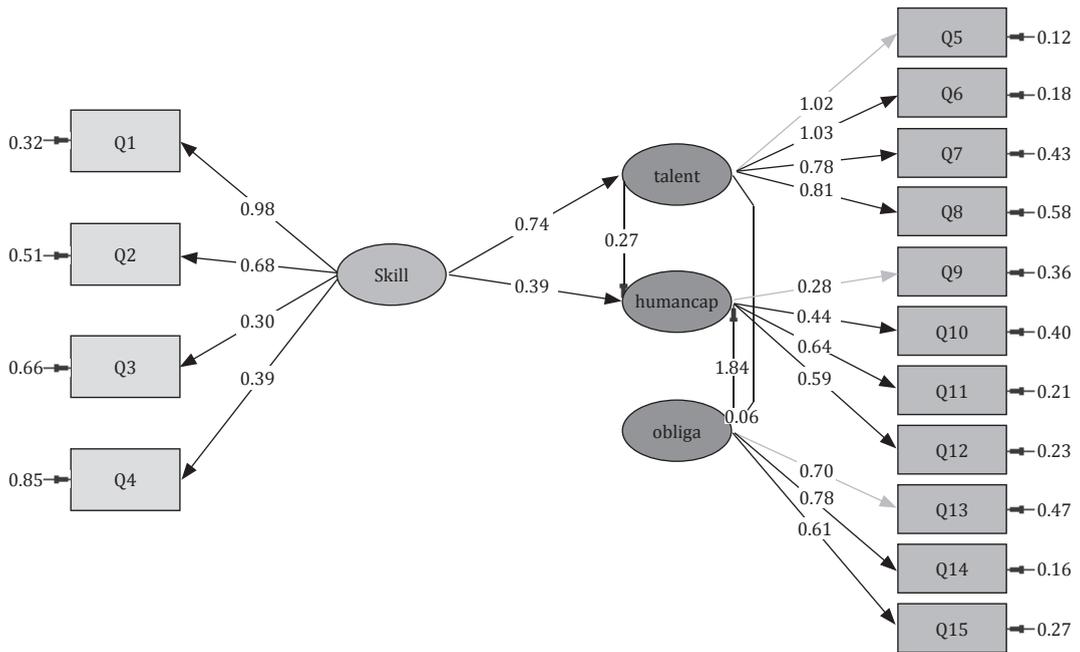
The results of the regression analyses shown in Table1 support the first hypothesis. In other words, HRM practices that are used to improve staff skills have a positive impact on the organization's human capital. In order to evaluate the second and third hypotheses and test the conceptual framework, structural equation modeling and the Lisrel software was used. The estimated values and significant coefficients for the second and third hypotheses and the test of research framework are shown in Figures 2 and 3.

Table 1 Reliability coefficient of research tool

Variable	Reliability coefficient	Variable	Reliability coefficient
Stimulating the talents	.9020	Skill enhancement activities	.7052
Employees' commitment	.8241	Human capital	.7407
Total	.8601		

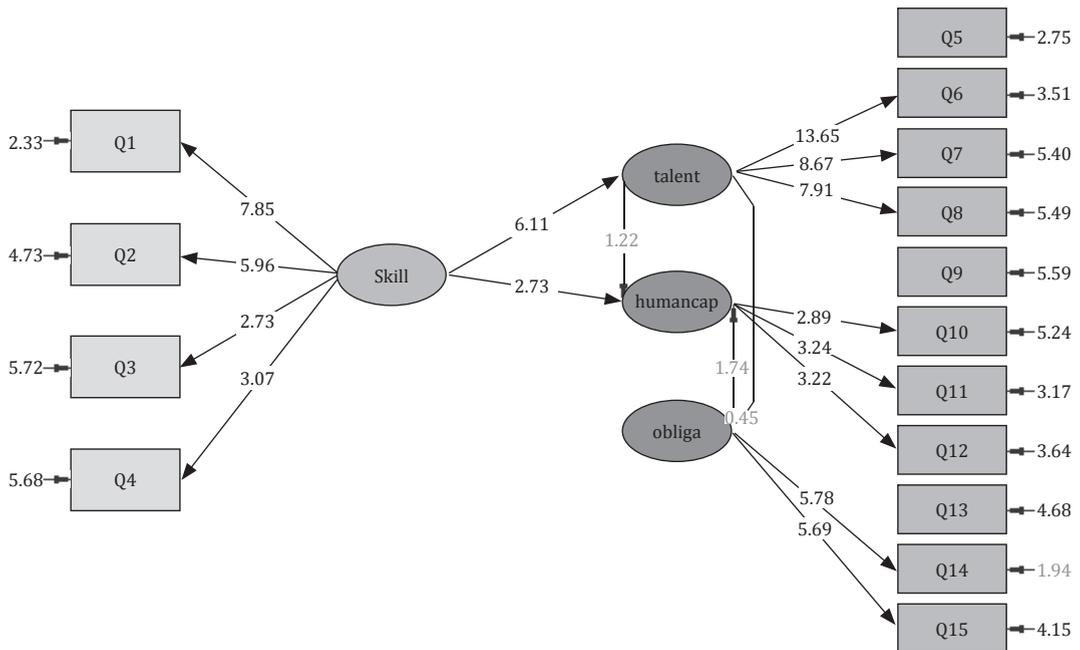
Table 2 Regression analysis

	Durbin-Watson (d)	R ²	Sig.	Standardized coefficient (β)
H1)	2.116	0.148	.001	0.385



Chi-Square = 171.17, df = 85, P-value = 0.00000, RMSEA = 0.021

Figure 2 Estimates of research conceptual framework



Chi-Square = 171.17, df = 85, P-value = 0.00000, RMSEA = 0.021

Figure 3 Significant coefficients of research conceptual framework

Table 3 summarizes the results. Based on these results and the fitness coefficients, the research hypothesis and conceptual framework can be interpreted and explained.

Table 3 shows that HRM skill enhancement activities have a significant and positive relationship with stimulating the talents of the organization. This conclusion is related to the first hypothesis as regression analysis also confirmed it. For the second and third hypotheses, the role of the mediator variable must be examined. As Baron and Kenny (1986) have expressed, the mediating role for a variable requires conditions that include: 1) there is significant relationship between the independent variable and dependent variable; 2) there is a significant relationship between the independent variable and the mediator variable; and 3) the level of significance in the relationship between the mediator and the dependent variable is significantly lower than the significance level of the relationship between the independent variable and the mediator. These conditions existed for the second hypothesis but not for the third hypothesis. In the second hypothesis of this study, HRM skill enhancement activities, human capital, and stimulating the talents are the independent variable, dependent variable, and the mediator, respectively; and in the third hypothesis, stimulating the talents, human capital, and employees' commitment to develop skills are the independent variable, dependent, variable and mediator, respectively. Therefore, the second hypothesis is supported, but the third hypothesis is rejected.

The goodness-of-fit coefficients obtained for research conceptual framework confirm the fitness of the model with the data. The RMSEA index was less than 0.1 and RMR was 0.096. This small indicator reflects the model's goodness-of-fit. The GFI was also 0.88 which indicates how much this index is closer to 1 and demonstrates a better fit of the model. The estimated coefficients and standard coefficient in the presented conceptual model, particularly for latent variables, were highly significant. In other words, the coefficients obtained indicate that latent variables in the model have been evaluated as very good.

Discussion

The banking industry around the world is experiencing a dynamic and hyper-competitive environment due to increasing competition and complexity as well as successive financial crises. During the past two decades, Iran's banking sector has faced several challenges in terms of competition imposed by a newly emerged private sector, technological advancement, offering innovative products and services, among others, which ultimately call for attaining and developing the best talent in banking sector. These changes have accelerated the need for a talented and committed workforce since the sector's value creation is believed to be rooted in the

capabilities of the financial professionals and their willingness to maintain the employment relationship and actively contribute to the performance of the organization. The success of any service sector like a bank, which mainly depends upon intangibles rather than tangible assets, is expected to be influenced significantly by the efficiency of its human resources. Thus, HR and HRM practices such as training and skill enhancement activities are regarded as important in a bank's effectiveness. HRM activities are often purposeful or non-purposeful, sending some messages that employees perceive and interpret and then, recognize favorable behaviors. As mentioned in the literature review, the findings of this research can be discussed based on the reciprocity norm proposed by Gouldner (1960) as well on the psychological contract model introduced by Rousseau (1995). As Mansour et al., (2014) pointed out, the financial sector should be considered as a model sector for research on human capital, human resource management, and strategic contributions. It represents a fertile ground for researchers seeking to understand how high-performance work systems operate in a knowledge-intensive context. As a result, HRM practitioners in the banking industry should consider the extent to which talent management activities, including the potential drivers of talents, are explicitly introduced to staff. Another very important point is that the unmet expectations of employees from HRM can easily cause psychological contract violation that may have a serious adverse effect on the employees' attitudes and behaviors. In this study, talent management was considered as a specific aspect of strategic HRM which has a clear focus on improving human capital. In previous research (for example Youndt et al., 2004), the direct relation between HRM and human capital has been studied and produced findings similar to those of the present research. In the present study, in addition to this direct relationship, indirect relations have been examined according to staff responses to organizational stimuli which distinguish talented staff and pay particular attention to them. In this order, the psychological contracts perspective was used to evaluate behavioral and attitudinal responses to HRM and its skill enhancement activities.

The results indicate that HRM activities and programs with the aim of improving the knowledge, skills, and attitudes of staff can improve the human capital of the organization. These results, which are consistent with the findings of Pardo and Moreno (2009), highlight the importance of effective and careful implementation of HRM skill enhancement activities. Pardo and Moreno (2009) found that high performance work systems result in positive outcomes such as human capital promotion. In addition, the present findings showed that HRM skill enhancement activities were positively linked to motivate individuals to develop and cultivate talents. This finding implies that the applications of HRM practices which develop staff skills have significant interactions with features that

Table 3 Estimates and significant of structural equations

From	To	Standardized coefficient	t-Values
Skill enhancement activities	Stimulating the talents	0.74	6.11
Skill enhancement activities	Human capital	0.39	2.72
Stimulating the talents	Human capital	0.27	1.22
Commitment to develop skills	Human capital	1.84	1.74
Stimulating the talents	Commitment to develop skills	0.06	0.45

represent individuals' talents. This interaction can have a motivational effect on staff in such a way that employees communicate organizational motives with their own characteristics that are indicative of talent in the organization. Employees receive and understand these motives explicitly and implicitly. From the psychological contracts perspective, talent management can act as a framework upon which abilities, skills, and attributes which are regarded as important to achieve the organization's present and future goals, are determined and declared. In other words, incentives provided by the organization for organizational talent management programs are implemented with the framework established in the psychological contracts so that the final status of human capital can be determined. Therefore, organizations should consider the fact that some of their actions, such as incentives proposed for the development of skills in talent management programs, directly and indirectly affect the final performance of their human resources. The important thing is that these effects can be taken into account through psychological contracts. These findings about the indirect effects are aligned with the idea introduced by Ostroff and Bowen (2000) which considered that the outcomes of HRM activities adjusted through cognitive processes can influence employees' personal attitudes and behaviors such as psychological contracts. Lepak et al. (2006) proposed a similar idea that the motivational effects of employees' perceptions about incentives provided could be used to track organizational goals, and affect the relationship between HRM practices and organizational outcomes.

The results obtained in this study did not support the third hypothesis. In other words, the mediating role of employees' commitment to develop their skills in the relationship between incentives raised by the organization for talent promotion and human capital was not confirmed. This means that within the studied organization, the commitment of staff to develop their skills does not play a significant role in the relationship between skill development motives and human capital. In this regard, it seems that the employees' presumption about incentives proposed by the organization to foster talents plays a great role. According to the results presented in Table 3, it could be argued that the proposed incentives did not increase employees' commitment to promote the organization's human capital. Reviewing the incentives and winning the confidence of staff about the programs and activities declared by the managers, especially in HRM, will be of great importance. If the employees' obligation to develop the skills and capabilities required by the organization increases, it can be expected that talent management programs and HRM skill enhancement activities will become more effective in promoting human capital and finally in employees' performance.

The key limitation of the current study was the cross-sectional nature of the data. Thus, future research that employs a longitudinal design would allow for a more comprehensive measurement of the outcomes as they would be investigated over time, and the direction of relationships could be inferred. A further limitation of the study was that only the employees' perceptions about the variables were investigated. Therefore, future research using data from the employer's perspective would add additional weight to the findings. Also, the sample used for testing the conceptual framework was restricted to

employees among selected organizations in Iran and may not be generalized to other organizational and cultural/institutional contexts. Although, this study clearly demonstrated the importance of the direct and indirect effects of talent management practices on human capital, other variables such as engagement, satisfaction, and perceived organizational support can be added. However, evidence of research in the field of talent management especially with regard to the increasing tendency to consider this subject was not common. As a result, there is insufficient knowledge about the positive and negative effects of talent management on employees' work attitudes and behaviors. This study, however, examined some of these relationships and confirmed the impact of the indirect and mediating roles of motivation to improve organizational desirable capabilities. However, the dynamics of how these relationships develop over time should be further investigated. A very important issue that arises from relationships among these variables is that based on the psychological contracts, how the talent management practices will affect different employees of the organization. If some employees are to be recognized as having talent and some employees as not-talented and others do not know whether they are recognized as talented or not, their behaviors and attitudes would be influenced differently. These points and issues provide general guidelines that can be applied to propose the direction of future research.

Conflict of Interest

There is no conflict of interest.

References

- Barney, J. B., & Wright, P. M. (1998). On becoming a strategic partner: The role of human resources in gaining competitive advantage. *Human Resource Management, 37*(1), 31–46.
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology, 51*(6), 1173–1182.
- Bjorkman, I., Ehrnrooth, M., Makela, K., Smale, A., & Sumelius, J. (2013). Talent or not? Employee reactions to talent identification. *Human Resource Management, 52*(2), 195–214.
- Boudreau, J. W., & Ramstad, P. M. (2007). *Beyond HR: The new science of human capital*. Boston, MA: Harvard Business School Press.
- Boxall, P., & Macky, K. (2009). Research and theory on high-performance work systems: Progressing the high-involvement stream. *Human Resource Management Journal, 19*(1), 3–23.
- Cappelli, P. (2008). *Talent on demand: Managing talent in an age of uncertainty*. Boston, MA: Harvard Business School Press.
- Carmeli, A., & Schaubroeck, J. (2005). How leveraging human resource capital with its competitive distinctiveness enhances the performance of commercial and public organizations. *Human Resource Management, 44*(4), 391–412.
- Chambel, M. J. (2014). Does the fulfillment of supervisor psychological contract make a difference? Attitudes of in-house and temporary agency workers. *Leadership & Organization Development Journal, 35*(1), 20–37.
- Cole, M. S., Schaninger, W. S., & Harris, S. G. (2002). The workplace social exchange network: A multilevel, conceptual examination. *Group and Organization Management, 27*(1), 142–167.
- Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review, 19*(4), 304–313.
- Combs, J., Liu, Y., Hall, A., & Ketchen, D. (2006). How much do high-performance work practices matter? A meta-analysis of their effects on organizational performance. *Personnel Psychology, 59*(3), 501–528.
- Delery, J. E., & Shaw, J. D. (2001). The strategic management of people in work organizations: Review, synthesis, and extension. *Research in Personnel and Human Resources Management, 20*(1), 165–197.

- Dimov, D. (2017). Towards a qualitative understanding of human capital in entrepreneurship research. *International Journal of Entrepreneurial Behavior & Research*, 23(2), 210–227.
- Dries, N., & Pepermans, R. (2008). Real high-potential careers: An empirical study into the perspectives of organizations and high potentials. *Personnel Review*, 37(1), 85–108.
- Ewerlin, D., & Sub, S. (2016). Dissemination of talent management in Germany: Myth, facade or economic necessity? *Personnel Review*, 45(1), 142–160.
- Gallardo-Gallardo, E., Dries, N., & Gonzalez-Cruz, T.F. (2013). What is the meaning of 'talent' in the world of work? *Human Resource Management Review*, 23(4), 290–300.
- Gold, J., Oldroyd, T., Chesters, E., & Waugh, A. (2016). Exploring talenting: Talent management as a collective endeavour. *European Journal of Training and Development*, 40(7), 513–533.
- Golparvar, M., Hosseinzadeh, K., Abedini, M., & Ashja, A. (2014). The structural model of psychological contract violation, organizational commitment, turnover, job satisfaction and deviant behavior. *Researches of Cognitive and Behavioral Science*, 4, 55–70. [in Persian]
- Gottschalg, O., & Zollo, M. (2007). Interest alignment rents and competitive advantage. *Academy of Management Review*, 32(2), 418–437.
- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25(2), 161–178.
- Guest, D. (2004). The psychology of the employment relationship: An analysis based on the psychological contract. *Applied Psychology: An International Review*, 53(4), 541–555.
- Guest, D., & Conway, N. (2002). Communicating the psychological contract: An employer perspective. *Human Resource Management Journal*, 12(2), 22–38.
- Guzzo, R. A., & Noonan, K. A. (1994). Human resource practices as communications and the psychological contract. *Human Resource Management*, 33(3), 447–462.
- Harris, L., & Foster, C. (2010). Aligning talent management with approaches to equality and diversity challenges for UK public sector managers. *Equality, Diversity and Inclusion: An International Journal*, 29(5), 422–435.
- Hassasyeganeh, Y. (2014). Investigating value creation of human capital reporting. *Journal of Accounting Knowledge and Management Auditing*, 11, 85–104. [in Persian]
- Heuvel, S., Schalk, R., Freese, C., & Timmerman, V. (2016). What's in it for me? A managerial perspective on the influence of the psychological contract on attitude towards change. *Journal of Organizational Change Management*, 29(2), 263–292.
- Hoglund, M. (2012). Examining talent management through the lens of psychological contracts. *Personnel Review*, 41(2), 126–142.
- Hosseini, A. (2011). Role of talent management in retention of talented human resources. *Journal of New Economy and Commerce*, 23, 181–205. [in Persian]
- Joshi, A. (2012). Human capital management: Strategies for retention of productive work force. *International Journal of Management Research and Review*, 2(11), 1943–1951.
- Kim, S. H., Laffranchini, G., Wagstaff, M. F., & Jeung, W. (2017). Psychological contract congruence, distributive justice, and commitment. *Journal of Managerial Psychology*, 32(1), 45–60.
- Lepak, D. P., Liao, H., Chung, Y., & Harden, E. E. (2006). A conceptual review of human resource management systems in strategic human resource management research. *Research in Personnel and Human Resources Management*, 25(2), 217–271.
- Mansour, N., Gara, E., & Gaha, C. (2014). Getting inside the black box: HR practices and firm performance within the Tunisian financial services industry. *Personnel Review*, 43(4), 490–514.
- Mensah, J. K., Bawole, J. N., & Wedchayanon, N. (2016). Unlocking the "black box" in the talent management employee performance relationship: Evidence from Ghana. *Management Research Review*, 39(12), 1546–1566.
- Mention, A. L., & Bontis, N. (2013). Intellectual capital and performance within the banking sector of Luxembourg and Belgium. *Journal of Intellectual Capital*, 14(2), 286–309.
- Moradi, M., Karimi M. A., & Golestaninia, M. (2013). The role of relational psychological contract in increasing the relational social capital and its impact on knowledge sharing behavior. *Management Development Journal*, 9, 134–155. [in Persian]
- Ostroff, C., & Bowen, D. E. (2000). Moving HR to a higher level: HR practices and organizational effectiveness. In K. J. Klein, & S. W. J. Kozlowski (Eds), *Multilevel theory, research, and methods in organizations*. San Francisco, CA: Jossey-Bass.
- Pardo, I. P. G., & Moreno, M. V. F. (2009). Looking into the black-box: Analysis of the effectiveness of human resources strategy. *Journal of Economics and Business*, 27(1), 31–56.
- Phillips, D. R., & Roper, K. O. (2009). A framework for talent management in real estate. *Journal of Corporate Real Estate*, 11(1), 7–16.
- Rodwell, J., Ellershaw, J., & Flower, R. (2015). Fulfill psychological contract promises to manage in-demand employees. *Personnel Review*, 44(5), 689–701.
- Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. Newbury Park, CA: Sage Publication.
- Rousseau, D. M. (2000). *Psychological contract inventory: Technical Report*. Pittsburgh, PA: Carnegie Mellon University Press.
- Rynes, S. L., Gerhart, B., & Parks, L. (2015). Personnel psychology: Performance evaluation and pay for performance. *Annual Review of Psychology*, 56(1), 571–600.
- Senior, C., Fearon, C., McLaughlin, H., & Manalsuren, S. (2017). How might your staff react to news of an institutional merger? A psychological contract approach. *International Journal of Educational Management*, 31(3), 364–382.
- Senovbari, M. (2009). Introduction to human capital (concepts, characteristics, and measurement criteria. *Human Development Journal of Police*, 22, 129–136. [in Persian]
- Shaw, J. D., Dineen, B. R., Fang, R., & Vellella, R. F. (2009). Employee-organization exchange relationships, HRM practices, and quit rates of good and poor performers. *Academy of Management Journal*, 52(5), 1016–1033.
- Snell, S. A., & Dean, J. W. (1992). Integrated manufacturing and human resource management: A human capital perspective. *Academy of Management Journal*, 35(3), 467–504.
- Takeuchi, R., Lepak, D. P., Wang, H., & Takeuchi, K. (2007). An empirical examination of the mechanisms mediating between high-performance work systems and the performance of Japanese organizations. *Journal of Applied Psychology*, 92(4), 1069–1082.
- Tarique, I., & Schuler, R. S. (2010). Global talent management: Literature review, integrative framework, and suggestions for further research. *Journal of World Business*, 45(2), 122–133.
- Thunnissen, M. (2016). Talent management: For what, how and how well? An empirical exploration of talent management in practice. *Employee Relations*, 38(1), 57–72.
- Vidotto, J. D. F., Ferenhof, H. A., Selig, P. M., & Bastos, R. C. (2017). A human capital measurement scale. *Journal of Intellectual Capital*, 18(2), 316–329.
- Wang, M. K., & Hwang, K. P. (2012). The impact of employee perceptions of human resource management systems on job satisfaction and organizational commitment during privatization the transformations of privatization: an empirical study of telecommunications corporations in Taiwan. *Asia Pacific Management Review*, 17(3), 321–342.
- Wright, P. M., & Nishii, L. H. (2007). *Strategic HRM and organizational behavior: Integrating multiple levels of analysis*. Retrieved from <http://digitalcommons.ilr.cornell.edu/cahrswp/468#46>
- Youndt, M. A., Subramaniam, M., & Snell, S. A. (2004). Intellectual capital profiles: An examination of investments and returns. *Journal of Management Studies*, 41(2), 335–361.