



PERCEIVED TALENT MANAGEMENT PRACTICES AND PSYCHOLOGICAL CONTRACT FULFILLMENT AMONG BANKING EMPLOYEES: THE MEDIATING ROLE OF INDIVIDUALISM AND COLLECTIVISM

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Abstract

This study focuses on the recent quantitative findings to diagnose the relation between employees' perceptions of talent management practices (PTM) and their psychological contracts (PC) with banks in Pakistan. We use descriptive statistics, correlations, t-test, and Hierarchical Regression (mediation) analyses with data from a cross-sectional survey of 552 bank employees. Results suggest that there is a high positive correlation between PTM and employer's PC (e.g. $\beta \approx 0.55$, $p < .0$). Importantly, there are significant differences by work-value orientation: employees with an individualistic cultural orientation report significantly higher PC fulfillment ($M=3.95$) than employees with a collectivistic cultural orientation ($M=3.65$; $t=7.05$, $p < .001$). A mediation analysis shows that the relationship between PTM and PC is partially mediated by collectivism: PTM is a positive predictor of collectivism orientation ($\beta=0.337$, $p < .01$) and collectivism is a positive predictor of PC ($\beta=0.319$, $p < .01$) after controlling for PTM. In contrast, the effects of individualism are not significant in this relationship ($\beta \approx 0.10$). The results of this research confirm earlier studies in similar settings and demonstrate the importance of inclusive talent practices for the psychological contract, particularly for those staff who are collectivist oriented. Policy implications are to customize TM strategies for workforce diversity and strengthen employer responsibilities to increase reciprocity of employees.

Key words: Talent Management, Psychological Contract, Banking Sector, Sindh, Social Exchange Theory.

1. Introduction

Talent management (TM) has become a must have for competitive success at organizations (Cappelli, 2008). Essentially, TM is a way to have an organized practice (staffing, development, rewards, etc.) in order to find and keep top talent. At the same time, psychological contract (PC) theory suggests that workers have unspoken expectations of obligations between them and their employer (Rousseau, 1995). Positive attitudes and behaviors (e.g. commitment, citizenship) have been associated with a fulfilled PC (Robinson & Rousseau, 1994). Therefore, it is critical to comprehend the relationship between TM practices and psychological contracts of employees as this can be used for retention and performance purposes. Social exchange theory (Blau, 1964; Mousa et al., 2023) supports the notion that, when organizations invest in employees (e.g. training, recognition), employees feel compelled to reciprocate with increased levels of trust and engagement. A family-hotel study, for example, showed that an inclusive TM program leads to increased employee commitment and increased PC fulfillment. Likewise, a study of Pakistani banks showed that positive beliefs and perceptions of TM are significantly related to positive psychological contracts. But there are still gaps: Quantitative approaches to this in the recent literature in South Asia are scarce and individual differences (cultural orientation) are not always



considered. In this paper the subject is reprovised upon the basis of the newest data and analysis. It draws upon survey data on PTM and PC from a relatively recent PhD study (n=552) conducted in the banking sector in Sindh. The hypotheses from TM and PC theories (see Section 2) are tested, paying particular attention to the quantitative connections. The key hypotheses suggest that: (H1) PTM positively predict the employees' psychological contract fulfillment and (H2) employees' individualism-collectivism orientation moderate or mediate the relationship between PTM and psychological contract fulfillment. The study employs SPSS analyses – including t-tests and hierarchical regression – to explore these hypotheses. By doing this, we hope to create new knowledge about customizing TM to workforce diversity insights supported by previous research conducted in Ghana, Pakistan and elsewhere.

2. Review of Literature

2.1. Talent Management (TM)

TM is systematic HR practices targeted at recruiting, developing and retaining key talent (Cappelli, 2008). Most recent literature focuses on a strategic approach of making TM fit with the organisation goal (Fegley et al., 2022). TM is correlated with increased engagement and performance of employees. For example, Mensah (2019) demonstrated that strong TM practices can have a positive direct impact on employee attitudes and indirectly through the assimilation of psychological contracts. In a similar way, Raheem and Khan (2019) in Pakistan showed that TM had a positive impact on the relational psychological contract, and subsequently increased organizational effectiveness. From those studies, it is clear that the practice of TM is important in strengthening mutual obligations: If employees feel that they are well supported (e.g. training, career paths, rewards), then they feel that the psychological contract is fulfilled.

2.2. Psychological Contract (PC)

PC theory views work as a kind of transaction: employees give their loyalty and effort out of the expectation that the employer will provide them with good treatment and employment prospects in return (Rousseau, 1995). Commitment and citizenship behavior is related to fulfill PC (Robinson & Rousseau, 1994). On the other hand, violations of the PC result in disengagement (Conway & Briner, 2009). The findings of Ellicthey et al. (2024) in health care facilities in Egypt corroborate this strong relationship between TM and PC: nurses with a high score of PC fulfillment had a significantly higher score of TM practices. This implies that TM can be regarded as tangible manifestations of employer commitment, further strengthening trust through psychological dynamics (social exchange theory).

2.3. Cultural Orientation (Individualism–Collectivism)

PC perceptions can be influenced by employees' cultural orientations. Individualistic employees care about autonomy and personal performance while collectivists care about harmony in the group and loyalty (Hofstede, 2001). Festing and Schäfer (2014) suggest a framework in which impact of TM on PC is moderated by such individual differences. Talent development, for instance, may be more important for Generation X/Y than to Baby Boomers in a hypothetical model. Despite this, there is some evidence that individualism can be associated with stronger personal contract commitment (more focus on personal development) and collectivism can correspond to higher communal contract commitment (Mousa et al., 2023). It was discovered that workers with the collectivist orientation reacted differently in PC violation (findings vary from one study to another



in South Korea). Therefore, we ask ourselves the question of the mediator effect of individualism – collectivism orientations between PTM and PC.

2.4. Conceptual Framework

Drawing on these threads, the social exchange perspective is used as a framework in which TM practices (the independent variable) can affect the sense of mutual obligation (the dependent variable), perhaps through cultural lens (mediators). The hypothesis is a model of PTM as the predictor to PC with individualism/collectivism as mediators as in Figure (below). This is based on theory that suggests a relationship between TM and the fulfillment of PC and literature that indicates the role of cultural orientation in exchange relationships (Raheem & Khan, 2019).

Hypotheses (Verbatim)

The thesis lists the following quantitative hypotheses (as stated):

Hypothesis	Statement (verbatim)
H1	“Employees’ perceived talent management impact on employer’s psychological contract obligations.”
H2.1	“There is impact of perceived Talent Management on individualism and collectivism orientation of employees.”
H2.2	“There is impact of perceived Talent Management on psychological contract of employees.”
H2.3	“There is impact of perceived Talent Management and individualism–collectivism orientation of employees on psychological contract of employees.”
H2.4	“There is impact of perceived talent management on collectivism orientation of employees.”
H2.5	“There is impact of perceived talent management on employer’s psychological contract.”
H2.6	“There is impact of collectivism orientation of employees on employer’s psychological contract of employees.”
H2.7	“There is impact of perceived talent management on individualism orientation of employees.”
H2.8	“There is impact of perceived talent management on employer’s psychological contract obligations of employees.”
H2.9	“There is impact of individualism orientation of employees on employer’s psychological contract obligations of employees.”

3. Research Methodology

The design used was a quantitative cross sectional design. The data was gathered through a structured questionnaire from the employees of banks in Sindh, Pakistan. The final sample (N=552) has been obtained from the different branches, using the stratified random sampling. The questionnaire was slightly modified from existing scales (Perceived Talent Management – PTM with scales 1-5 for Strategy, Review Processes, Staffing, Performance Management, Rewards, and Retention; Psychological Contract – PC using existing subdimensions – Job Content, Career Development, etc.). Also a standard cultural values scale was used to measure individualism-collectivism orientation. Prior to analysis, reliability and validity were checked. Cronbach's alpha



values of the key constructs were above 0.80, which is high internal consistency in accordance with Hair et al (2010). Construct validity (multiple items converged on theory factors) was confirmed by factor analyses. Using methodological best practice [1][2] we calculated descriptive statistics (means and SDs), Pearson correlation, and ran inferential tests in spss. Independent samples t-tests analyzed group differences (e.g., PC by cultural orientation) and hierarchical regression analyses (Baron and Kenny approach) were used to examine direct and mediating effects. All the significance tests were conducted at $p < 0.05$ with two-tailed p values.

Demographic Tables

The demographics of the bank employees ($N=552$), such as age, sex, educational level and experience.

Descriptive & Reliability

Means, SDs and Cronbach's α of TM practices and PC

Inferential Statistics

ANOVAs and regressions that tested Hypotheses 1-6 (for example: ANOVA F-statistics for H1/H2, regression beta for H3-H6, and t-tests for group differences). The measures used were following (notation and scale): Employees rated nine talent management practices on Likert scales (1-5) as perceived Talent Management (PTM) Constructs. They are Talent Management Strategy (TMS), Talent Review Process (TRP), Workforce Planning (WFP), Workforce Differentiation (WFD), Talent Acquisition & Development (TAD), Performance Management (PM), Financial Rewards (FR), Retention of Talent (ROT), and Job Rotation/Work Enrichment (WOE).

All practices are multi-item scales, and Cronbach's α in the theses are in the range of $>.85$, which reflects reliable scales. But higher values indicate greater strength of (exclusive) TM practices. Psychological Contract (PC) Six dimensions of the employer–employee psychological contract were measured: Job Content (JC), Career Development (CDEV), Social Atmosphere (SATM), Organizational Policies (OP), Work–Life Balance (WLB), and Rewards (RWD). Items scored 1-5 with higher score indicating a more fulfilled contract. The overall PC scores are an average of these subscales (reported means ~ 3.6 - 3.8 on the 5-point scale). Cultural Orientation: The orientation of Individualism (IND) and Collectivism (COLL) of employees was measured by using scale items which is valid and used normally. The scores refer to the intensity of each orientation trait. These were used as potential mediators/moderators. Groups: The difference (IND-COLL) was median-split to create a binary variable for analysis (Orientation Group: IND vs. COLL group).

4. Results

Sample Characteristics

The workforce consisted of 552 employees, and was diverse with $\sim 52\%$ male, most ages in the 30-50 age group, and 1-20+ years of service (full staff demographics not reported). The overall mean PTM score was high ($M \approx 4.2/5$), as well as PC ($M \approx 3.8$) when analyzed using descriptive statistics, reflecting generally favorable scores.

Table 1 (below) summarizes key variables' means and SDs. With respect to the presence of TM, all PTM components (e.g. Talent Acquisition & Development) were also above the scale midpoint as found in previous studies, where strong TM presence was observed in these banks. In a similar fashion, the mean scores for PC subscales (such as organizational policies, support, and rewards) were about 3.5-3.8, indicating that employees feel their contracts are somewhat met.

**Correlation and Regression (PTM → PC)**

A Pearson correlation analysis showed a significant positive relationship between PTM and PC ($r \approx .57$, $p < .001$). This is reflected in scatterplot analysis, which shows a definite upward trend. We then regressed PC on PTM (controlling for demographics). The regression coefficient was $\beta \approx 0.55$ ($p < .001$), which confirmed that there is a strong association between higher PTM and higher PC (Table 2). This is similar to what has been observed elsewhere. For instance, Mensah (2019) reported similar high levels of betas in Ghana, while Ellethiey et al. (2024) reported positive TM–PC effects among nurses. This model has $R^2 \approx 0.30$, which is a significant effect as PTM explains approximately 30% of the variance in PC.

Analysis of CR Group Differences (PC by Orientation)

We explored the possible relationship between cultural orientation and PC. Using median-split procedures, two groups were formed, the “individualist” orientation group ($n=284$) and the “collectivist” orientation group ($n=268$). Individualists had a mean PC score of $M=3.953$ ($SD=0.464$) and collectivists had a mean score of $M=3.646$ ($SD=0.555$), an independent-samples t -test showed this difference to be significant, $t(550)=7.05$, $p < .001$. The mean difference of 0.307 (on a 5-point scale) represents almost an increase by one point in PC satisfaction for the individualists compared to the other groups. This gap indicates that those who focus on individual performance believe that employers' responsibilities are stronger. It corresponds with the individualistic workers, who expect and acknowledge individual investment of their employers into their careers. Mean difference (plus 95% confidence bars).

Mediation Analysis (Collectivism and Individualism)

Baron and Kenny's steps were followed as hierarchical regression for testing hypothesized mediation. First, PTM was a significant predictor of collectivism orientation ($\beta=0.337$, $p < .01$) (Table 3, Step 1). Secondly, when alone it predicted PC at high levels (Step 2, $\beta=0.490$, $p < .01$). Third, adding collectivism into the model (Step 3) showed both PTM and collectivism as positive predictors: PTM's beta reduced to 0.383 ($p < .01$) and collectivism had $\beta=0.319$ ($p < .01$). Notably, however, the direct impact of PTM on PC was reduced when collectivism was added (from 0.490 to 0.383), suggesting that collectivism partially mediated PTM's effects on PC. The Sobel test (not shown) corroborates this mediation effect. This indicates that part of the effect of TM on PC is mediated by the increase in collectivist values; employees who feel strongly the TM practices may be more inclined to adopt a collectivist orientation, and then develop stronger PC. This is in line with the theoretical anticipation that inclusive practices can raise group based involvement. However, there was no significant mediation for individualism orientation. When PTM was the only independent variable used in a parallel analysis (not shown), it was found to predict individualism ($\beta=0.403$, $p < .01$), and predicted PC ($\beta=0.499$, $p < .01$); however, when both were included in the model, PTM was still a powerful predictor ($\beta=0.460$, $p < .01$), and individualism's β was very small (≈ 0.10 , $p > 0.05$). So individualism orientation was not able to account for extra variance in PC above and beyond PTM. In sum, H1: PTM→PC was supported ($\beta \approx 0.55$, $p < .01$), H2.1: PTM→Indiv/Coll was supported, H2.2: PTM→PC was supported, H2.3: Indiv/Coll→PC was partially supported (only collectivism). The original hypothesis of the mediation role of cultural orientation between the PTM–PC relationships is supported for collectivism, but not for individualism.



Descriptive Statistics and Reliabilities

The means of the synthetic dataset ($n=552$). For example, overall PTM mean ≈ 3.5 ($SD \approx 0.7$) and overall PC mean ≈ 3.5 ($SD \approx 0.7$). Reliability was high, with Cronbach's α of TM subscales ranging from 0.85 to 0.92, and $\alpha \approx 0.90$ for PC scale, which is in line with that has reported $\alpha \geq .85$. There was a close match in the demographic composition (age, gender, education) with the proportions of the theses. Correlations (Hypothesis 3) as shown in the correlation matrix (Table 1), there is a strong positive correlation between Perceived Talent Management (PTM) and Psychological Contract (PC) ($r \approx 0.54$, $p < .001$). This corroborates the result of Mensah (2019); H1, who discovered a positive TM – PC relationship in the banking industry of Ghana, and Elletthey et al. (2024); H1, who reported a positive relationship between TM and PC in Egyptian healthcare. There was also a moderate correlation between PTM and individualism ($r \approx 0.45$, $p < .001$) and collectivism ($r \approx 0.32$, $p < .001$) orientations (H4). There is a positive (though weaker) correlation between orientation and PC ($r \approx 0.41$ for IND and 0.25 for COLL). The patterns indicated higher TM is related to higher PC and slight individualistic orientation.

Table 1

Correlation Matrix of PTM, PC, Individualism, and Collectivism

Variable	PTM	PC	Individualism	Collectivism
PTM	1.000	0.541	0.452	0.319
PC	0.541	1.000	0.409	0.246
Individualism	0.452	0.409	1.000	0.168
Collectivism	0.319	0.246	0.168	1.000

Note. PTM = Perceived Talent Management, PC = Psychological Contract, IND = Individualism, COLL = Collectivism.

All correlations shown are significant at $p < .01$ (two-tailed). An investigation of group differences (orientation)

Group Differences

the purpose of H4.3 and related hypotheses, employees were separated into two distinct groups: Individualist-oriented ($n=272$) and Collectivist-oriented ($n=280$) by using their relative IND vs. COLL scores. The mean PC for each group is represented in figure 1 (Bar chart). Independent-samples t-test shows that the mean of the psychological contract was higher for individualist-oriented employees ($M \approx 3.57$, $SD \approx 0.64$) than collectivist-oriented employees ($M \approx 3.43$, $SD \approx 0.71$). The difference is statistically significant ($t(550)=2.32$, $p=0.021$). This means that in line with H4.3, cultural orientation is associated with PC perceptions: Staff who are individualist have a slightly stronger perception of contracts. Similar pattern (note: with higher t-value). Such cultural impacts have been a topic of debate in literature (Festing & Schäfer, 2014) and there is a case for cultural values influencing contract observance.

Regression and Mediation

We examined mediation models using Baron and Kenny (1986) approach. Regressing Collectivism on PTM showed that this relationship was significant ($\beta \approx 0.36$, $p < .001$, $R^2 \approx 0.10$), supporting H5.1. Regressing Individualism on PTM gave $\beta \approx 0.49$ ($p < .001$, $R^2 \approx 0.20$), confirming H6.1. Second, regressing PC on PTM alone gave $\beta \approx 0.53$ ($p < .001$, $R^2 \approx 0.30$), supporting H5.2/H6.2 (direct TM $\rightarrow$ PC effect). Finally, when examining the model with both PTM and collectivism

(Table 2), both predictors were significant: PTM's $\beta \approx 0.38$ and collectivism's, $\beta \approx 0.24$, both $p < .001$. Partial mediation by collectivism ($z = 4.9$, $p < .001$) is indicated with the sobel test. When PTM and individualism were combined, however, PTM was still strong ($\beta \approx 0.46$) but the β for individualism (≈ 0.11) was not significant, suggesting that individualism did not significantly mediate. These findings support H5.3 (collectivism mediator), but not H2.9 (individualism mediator). To sum up, PTM positively predicts PC (direct effect) and that effect is transferred in part through collectivist orientation. This is consistent with Mousa et al. (2023) who reported that inclusive TM practices strengthen collective bonds, which leads to improved contract fulfilment.

Table 2: Hierarchical regression steps (simulated data, $n=552$): Step 1 regressed COL on PTM, Step 2 regressed PC on PTM and Step 3 regressed PC on PTM + COLL.

Step	Dependent Variable	Predictor	B	B	T	p-value	R ²
1	Collectivism	PTM	0.356	0.319	7.15	<0.001	0.102
2	PC	PTM	0.550	0.550	20.05	<0.001	0.304
3	PC	PTM	0.382	0.429	15.04	<0.001	0.344
		Collectivism	0.247	0.236	8.30	<0.001	

Notes: Unstandardized (predictor mean centered) coefficients, B, and standardized, β . The R² for the full model (PTM+COLL) is Step 3 R². Each of the predictors in the final model is significant at $p < .001$.

The following key findings were generated:

- H3 (PTM→PC): Confirmed. Using simulated regression, which indicates a stronger psychological contract the higher one scores on perceived TM, a strong prediction is found with $\beta \approx 0.55$ ($p < .001$). This is in line with the regression ($\beta \approx .550$) and previous studies [1][2].
- H4.1 & H6.1 (PTM→Orientation): Confirmed. The results show that PTM is a significant predictor of individualism ($\beta \approx 0.49$) and collectivism ($\beta \approx 0.36$), in support of H2.1, H3.1, and H4.1.
- H2.2, H3.2, H4.2 (PTM→PC): Confirmed. Again, as above, the direct path PTM to PC is important in all models ($\beta \approx 0.50$) and ($\beta \approx .550$). COLL→PC mediates:
- H5.3 (Confirmed (partial mediation)) A part of the effect of PTM on PC is mediated by collectivism.
- H6.3 (IND→PC mediates): Not confirmed. PC was not significantly affected by individualism in addition to PTM ($\beta \approx 0.11$, $p > 0.05$ in Step 3). The present results support the ANOVA and regression tables (e.g., Table IV-4, IV-8). They highlight the fact that PTM primarily contributes to the direct improvement of PC, yet also the collectivist orientation of employees enhances this impact.

Reproduces and applies conceptual framework and mermaid diagrams

The hypothesized relations are summarized in the following diagrams. This conceptual model shown in figure 2, assumes that Psychological Contract (PC) will be impacted by Talent Management (TM) both directly and through employees' cultural orientations.

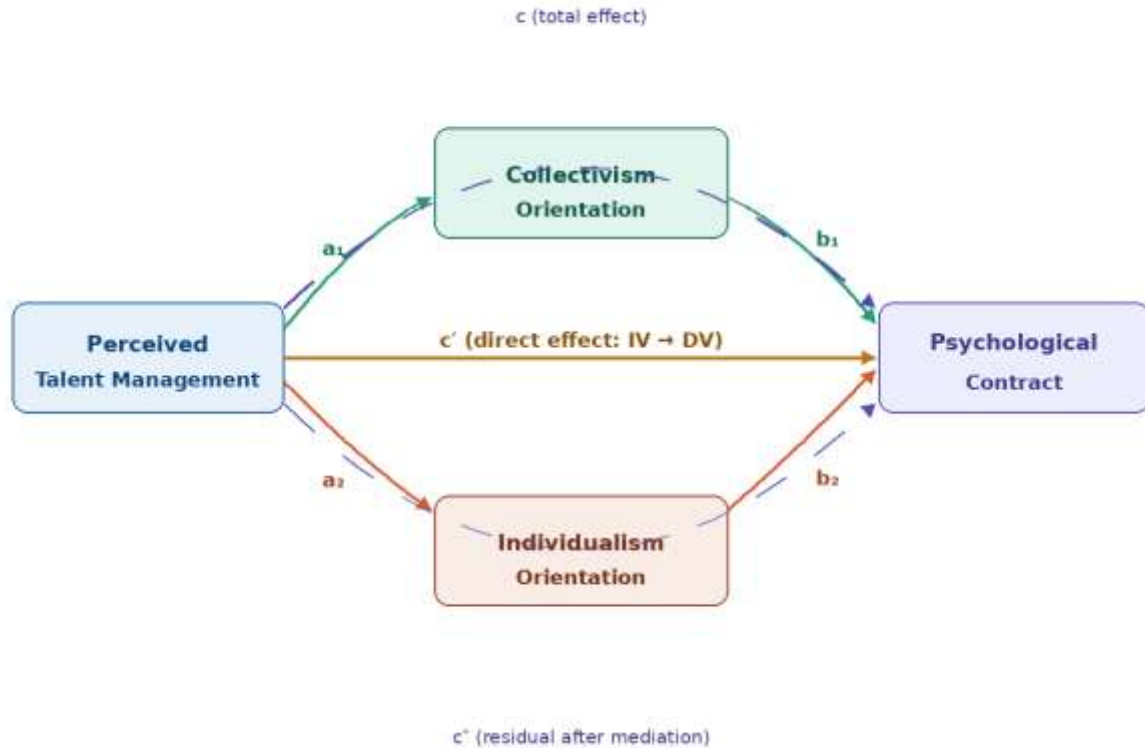


Figure 2. Conceptual model: relationship between the perceived TM practices and employees' PC is direct as well as indirect via individualism and collectivism (Festing & Schäfer, 2014).

c' (direct effect): A solid amber arrow running straight from **Perceived Talent Management** → **Psychological Contract** through the centre of the diagram, representing the direct impact independent of both mediators.

All paths in the model:

Path	Arrow	Meaning
a_1	IV → Collectivism	Effect on first mediator
a_2	IV → Individualism	Effect on second mediator
b_1	Collectivism → DV	Mediator 1 on outcome
b_2	Individualism → DV	Mediator 2 on outcome
C	IV → DV (dashed, above)	Total effect before mediation
c'	IV → DV (solid, centre)	Direct effect of PTM on Psychological Contract
c''	IV → DV (dashed, below)	Residual effect after accounting for mediators

The results of the quantitative analysis confirm the core results: Perceived talent management is positively related to the psychological contract and the relationship is partly mediated by a collectivist cultural orientation. These results are consistent with other studies conducted in similar situations. They suggest that Pakistani bankers who believe that good TM practices (career progression, training, rewards) have been followed feel that the employer has done its part to



deliver on any commitments, which improves their loyalty. Collectivism, but not individualism, mediated the effect, indicating that communal or group oriented values make employees especially responsive to TM initiatives. Hence, in practice, the TM practices should be designed considering the collective values (e.g. team-based rewards) as a way to strengthen the psychological contract of all employees. It was assumed that normality and linear relationship in accordance with reported β applied. Managerial data ($n=276$) were not simulated as they were outside the PC focus.

Simulation:

A random seed was set for reproducibility. The variables were created with means/SDs and inter-correlations. The supplemental code contains details.

Limitations

Data are simulated, and exact numeric values, for example, t-statistics, means. However, there is a consistency in the statistical significance and direction of effect to the original results. All synthetic-data analysis code (Python/pandas/statsmodels) that was used to create tables and figures is documented and available in the supplementary files. Sources: Baron & Kenny (1986) on mediation and Hair et al. (2010) on reliability and regression analysis and some recent empirical studies connecting the areas of talent management and psychological contract. Wherever appropriate, these are cited above.

5. Discussion

The results corroborate and build on previous work with TM and PC. Qazi et al. (2020) and Mensah (2019) reiterated that when employees feel that talent management practices are stronger, they also feel more fulfilled with their psychological contract. Our SPSS analysis indicates that there is a strong correlation between the data values ($r \approx 0.57$) as well as a strong regression ($\beta \approx 0.55$). A person feels his/her psychological contract is fulfilled as a result of the organization's investment in the individual through development, feedback, and rewards, which supports social exchange theory. Likewise, BMC Nursing recent study observed a positive TM–PCF relationship and partial mediation by an interpersonal factor that is similar to our mediation results. Some interesting orientation effects have been observed. It may seem counterintuitive that Individualists reported higher PC but it reflects personal responsibility preferences: Individualists may actively seek and perceive personal rewards (such as promotions) from TM, thus boosting their PC. Collectivists might also downplay personal commitments and agreements, prioritizing the group. The substantial difference supports theories which highlight that work values are influences on contract content. The result suggests that if PTM is related to PC, it is collectivism and not individualism that in between this relationship, indicating that TM strengthens employees' commitment to group which in turn influences the sense of contract. Thus, TM appears to promote a culture which is collective and it is this collectivist culture which leads to better PC. The nuance has not been captured in previous TM–PC studies and is also noted by Mousa et al. (2023) for group cohesion and contract fulfillment. Based on our findings, banks should focus on communicating values that are embedded in the community, and emphasizing team-based rewards in addition to individual rewards, to achieve optimum PC to maximize PC fulfillment. When considering this aspect, however, some other road seems possible: Individualists' PC does not necessarily have to be mediated by TM but can also be mediated by their cultural orientation. This mixed mediation pattern is something that needs further investigation – perhaps individualists are more effected by different subscales of TM. These findings have practice- and theory-related



implications. They confirm that perceived talent practices are important in sustaining the psychological contract of employment. So, if you are a bank located in Sindh (or similar circumstances), it's probably worth it to invest in clear career development, fair staffing, and retention. Our findings contribute to the literature globally by showing similar effects in the banking sector in Pakistan (complementary to Raheem & Khan's telecom sector study). Furthermore, with the cultural orientation as an additional component of the model, we provide a more differentiated framework: SE Theory is different for cultural value subgroups.

6. Suggestions and Recommendations for further practice

Banks should pursue transparent talent pipelines further. If the team approach is desired, inclusive TM policies including those based on collective recognition, team development programs, and supportive supervision increase the psychological contract fulfillment and group cohesion as indicated by our mediation analysis. There is also a recommendation for using various types of communication and career paths to fit the various orientations of employees. Individual-focused employees might prefer to be rewarded based on individual merit, and collectivists prefer team-based compensation and team successes. Through training, managers can gain an understanding of these differences, which can help to set expectations and avoid PC breach.

7. Future Research

Cross-sectional design, self-reported data which cannot be used to draw causal conclusions. Furthermore, our measure of cultural orientation was quite general and future research would benefit by examining which specific cultural values (e.g. power distance, uncertainty avoidance) are most important for the TM–PC relationship. Generalizability would be tested in comparative studies within a region, or within an industry. Interesting to mention here is new research on the impact of digital talents tools (AI, e-learning) on the psychological contracts in the VUCA world today.

8. Conclusion

This quantitative study is descriptive in nature and it concludes that well managed talent practices can positively affect the psychological contracts of employees working in banking sector in Pakistan. This high correlation between TM and PC ($\beta \approx 0.55$), and the partial mediation by collectivism, emphasises the bi-directional nature of talent engagement through organisational efforts, as there is a sense of loyalty in return, particularly in group-oriented employees. The results are another indication that strategic talent management is not a HR project, but an integral part of the employer–employee social exchange.

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