MALAYSIAN MANAGEMENT JOURNAL
http://e-journal.uum.edu.my/index.php/mmj

How to cite this article:
Sulaiman, N. A., Mohd-Sabrun, I., & Muhamad, R. (2022). Talent management disclosure as a mediator between corporate governance and financial performance. *Malaysian Management Journal*, *26*(July), 87-122. https://doi.org/10.32890/mmj2022.26.4

TALENT MANAGEMENT DISCLOSURE AS A MEDIATOR BETWEEN CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE

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Received: 13/8/2021 Revised: 6/12/2021 Accepted: 24/1/2022 Published: 31/7/2022

ABSTRACT

Active participation from the corporate sector in designing and implementing corporate social responsibility (CSR) activities is critical for company resilience and reliance. It has been suggested that companies need to integrate CSR activities with talent management strategies. However, the extant literature on CSR reporting has limited research focusing on talent management in CSR activities. Therefore, this study examines the extent of talent management disclosure (TMD) made by the top 100 Malaysian public-listed companies (PLCs). Particularly, this study examines the mediating effect of TMD on the corporate governance characteristics (CGC) and corporate financial performance (CFP) relationship. Generalised

Linear Modelling (GLM) was used to analyse the cross-sectional data. The results indicate that female directors positively influence CFP, whereas independent directors negatively correlate with CFP. This study also finds that TMD has an insignificant moderating role in the CGC and CFP relationship. Nevertheless, the newly developed TMD provides a new perspective on talent management research. TMD is a new research avenue under-researched and needs more academic and business executive attention. Thus, this research invites academia and company management to revisit CSR activities by embedding talent management strategies.

Keywords: Corporate social responsibility, talent management, corporate governance, financial performance.

INTRODUCTION

Corporate social responsibility (CSR) activities are essential for talent management strategies (Magbool et al., 2016; Ohlrich, 2015; Story et al., 2016). Thus CSR activities and talent management must be aligned to reflect the company's values and be able to attract and retain talents. Hence, companies need to develop effective talent management strategies and publicly disclose that information. Managing talents in companies poses a significant challenge. Young talents are inclined to change jobs several times at an early stage in their careers and have high demands and expectations of their employers (PwC, 2008). The companies' main drivers are talents as primary stakeholders, and companies may not survive without continuous participation from talents (Clarkson, 1995).

Although talent management strategies enhance a company's visibility (Magbool et al., 2016), previous research which examined corporate reporting practices did not translate talent management strategies into their disclosure. Corporate governance (CG) plays an essential role in setting the tone for CSR activities and talent management strategies. Extant literature has to a great extent, showing the positive ramification between corporate governance characteristics (CGC) and CSR activities (Flammer & Luo, 2017; Malik & Makhdoom, 2016). The consensus findings were that effective governance led to better corporate financial performance (CFP) (Galbreath, 2018; Jabari & Muhamad, 2020; Malik & Kanwal, 2018).

Galbreath (2018) has found that CSR has a moderating effect on the CGC and CFP relationship. For instance, female directors and