

AN EMPIRICAL STUDY OF TALENT MANAGEMENT PRACTICES IN PUBLIC AND PRIVATE SECTOR ORGANISATIONS

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Abstract

Finding and retaining talent is tough and is going to get tougher. Talent management practices and strategies are important to keep in mind while workforce planning. The talent management practices or building blocks are assessment tools that are used to build the talent management plan and create the basis for associated development actions.

This research is the comprehensive coverage of main talent management practices including its sub-functioning. The research concentrated on 53 companies of public and private sector and collected 313 samples. This research work is attempted to encourage the organizations to develop their own philosophy of talent management. The research analysis has yielded Ten (10) factors or ten effective talent management practices under which variables form coherent clusters indicate broader dimension of prevalent talent management practices.

Key words: Talent management, Factor analysis, Development Assessment Center (DAC), Talent attraction and retention.

Introduction

Talent management consisting of talent planning and development is a relatively new perception that has emerged in the 2000s. It draw from the phrase ‘the war for talent’ which begun in the late 1990s as a means of ease the problems that organizations were facing in attracting and retaining talented people. Arporn Puvitayaphan (2008), explained that Talent management processes are the key issues of his study which found that there are four functions of talent management practices: 1) talent identification, 2) talent development, 3) talent motivation, and 4) talent compensation. The talented people in the organization were identified as not more than 10% of the total employees of an organization or department.

Mainly we can say there are two kinds of talent management strategies are to be kept in account i.e. attraction and retention strategies for employees. The talent management practices or building blocks are assessment tools that are used to build the talent management plan. The blocks are organization competencies, performance management, potential management, 360 degree feedback, learning and development activities, recruitment and selection etc. By the help of building blocks, the talent management plan is familiar with the action essential for an organization to align its current human capital abilities with its current and future organization requirements.

Objectives of the study

The main purpose of the research work is to study the talent management practices in selected public & private organizations. Following objectives are tending towards to fulfill the purpose:

1. To study Talent Management Practices in various selected public & private organisations.
2. To find out the effective/relevant initiatives of Talent Management Practices in Selected public & private organizations.
3. To develop suggestive framework to develop talent management practices in the organisations.

Research Methodology

The questionnaire was designed with a view to seeking information on talent management practices in public and private sectors include recruitment & selection procedures, training and development, 360 degree feedback system, performance and potential appraisal, competency mapping, succession planning and employee retention strategies etc. The sample was chosen by means of non probability sampling and convenience sampling techniques will be used. Data was collected from 313 respondents of selected 53 corporate companies belonging to different sectors (as MNC, service, public, PVT. etc). The respondents’ sample included HR executives, CEO, Sr. & middle level manager (responsible for talent management practices). Factor Analysis was employed to analyze the data. All data was stored, analyzed and interpreted through SPSS package 16th version and findings was put to content, construct and criteria validation.

Factor analysis is one of the robust and widely used techniques to analyze inter related variables whose number is very large. Factor analysis begins with inter correlation matrix i.e. correlation among all possible pairs of variables. The most appropriate method to obtain correlations for the purpose of factor analysis is the Pearson's Product Movement method because it is one of the essential requirements of the factor analysis that the relationship among pairs of variables is linear. In the present study, one of the main objectives is to yield factor patterns relatively independent of one another (orthogonal) so that varimax procedure of orthogonal rotation (Kaiser, 1958) is used. In factor analysis, the data have been processed by using SPSS to carry out the following statistical analyses:

1. Correlation analysis (by applying Pearson's product moment method).
2. Principal component factor analysis.
3. Varimax rotation of the factors.

Analysis and Result

To know the important and effective talent management practices in all companies, we used factor analysis and Kaiser-Mayer-Orkin test for significance and Bartlett's Test of sphericity.

H_{01} = There is no significance difference in importance and relevance of the different initiatives/functions of talent management in selected public and private companies.

From the output of Kaiser-Meyer-Olkin (KMO) and Bartlett's test we measure the significance. The KMO measures the sampling adequacy for a satisfactory factor analysis to proceed further. Looking at the table, the KMO measure is .865. From the same table, we can see that the Bartlett's test of sphericity is also significant. This means that the correlation matrix is not an identity matrix. From the results we reject null hypothesis i.e. there are differences in relevancy of the different initiatives of talent management. So for presenting more specific result we can further took factor analysis.

For this purpose an inter correlation matrix (given in Appendix II) was subjected to Principal Components (factor) analysis. The principle component analysis yielded factors with Eigen values greater than 1.00. The ten (10) original factor patterns (Unrotated) are given in appendix III. The Eigen values along with percent variance accounted for by each factor are reported in Table 5.2.2. An inspection of this table reveals that the set of extracted ten (10) factors explains 65 percent of the total variance covered by the different variables included in the study.

Factor I (Overall Talent Management initiatives)

The first component of factor analysis accounted for 26.5 percent of the total variance. In principal component analysis, this explains the maximum variance. Consequently the amount of variance explained by each of the successive factors goes on declining. This principle factor loads significantly on the variables given in table 5.2.3.

A careful examination of the above factor loadings for Factor I reveals that there is highest factor loading on 'performance potential matrix'. Variable like 'measuring behavior', 'policies for career growth', 'assessing competency', 'assessing individual potential', 'planning for individual development plan', and 'retaining people in organisation' also have equally high and positive loadings for this factor. Other variables 'identification of gaps in competency', 'identification of individual with special knowledge', 'clear career paths', 'employee excited to work daily', 'establishing development assessment center', '360 degree feedback', 'individual want to join the organisation', 'separate selection method', 'rewarding achievements', and 'employee want to stay with organisation' load significantly positive for this factor.

Keeping in view the nature of variables having high loadings for this factor, it can conveniently be named 'Overall Talent Management Initiatives'. Factor analysis has brought high loading factors together under this factor. Association of these variables with 'performance potential matrix' indicates that the adaptability of latter is more well-known in the case of private sector organisations.

The applicability of performance potential matrix has been found to be related with executives and sr. management employees in private sector organisations. The determination of performance potential matrix is being influenced by the career management, retention strategies, selection methods, individual development plan, and development assessment centers.

Factor II (Contemporary Motivational activities)

The second principle component of factor analysis accounted for 9.53 percent of the total variance. It loads significantly on the variables listed in table 5.2.4.

Inspection of factor loading for Factor II reveals that 'assessment of candidates' skills in hiring process' has the highest loading on this factor. Variables like 'culture that values employees work and suggestions', 'performance appraisal system', 'employees want to stay with organizations', 'individual want to join the organisation' also have equally high and positive loadings for this Factor. Other variables like 'rewarding achievement', 'identifying vacancies in advance', 'identification of individual with special knowledge', 'conducting extensive training', 'clear career paths', 'separate selection procedure', 'employees are excited to work daily', 'retaining people in organisation', 'policies for career growth', 'identification of gaps in competency level' and 'assessing competency' load significantly positive for this factor.

Keeping in the view the nature of variables having high loadings for this factor, it can be named as 'Contemporary Motivational Activities'. By analyzing this factor it can be safely concluded that companies following proper hiring process and career management activities are having retention of employees in organisation and employees are also excited to work daily in the organisation. All these type of motivational activities tends to employee retention and engagement in organisation.

Factor III (Talent Development Activities)

This factor explains 5.27 percent of the total variance. It loads significantly on different variables given in table 5.2.5.

A careful examination of factor loadings for Factor III shows that there is highest factor loading on 'Coaching' activity for employees. The variables 'mentoring', 'education', and 'mentoring process' also has equally high and positive loadings for this factor. Other variables like 'funding higher education', 'establishing development assessment center', 'short term assignment', and 'action learning' load significantly positive for this factor.

Considering the nature of variables with high loadings for this factor, it can be named as 'Talent Development Activities'. All these variables are highly correlated and indicate that those companies which are following these activities are tending to have effective talent management system. It also reveals that the companies having action learning activities as well as off the job employee development activities.

Factor IV (Assessment Centers for individual development)

This principle component of factor analysis accounts for 4.74 percent of the total variance. It loads significantly on the variables listed in table 5.2.6.

It may be noted from the above results that the highest factor loading is '360 degree feedback system' for Factor IV. The variable 'development exercise' is also having equally high and positive factor loading for this factor. Other variables like 'plan for individual development', 'short term assignment', 'establishing development assessment center', and 'identification of gaps in competency' load significantly for this factor.

A careful examination of the nature of variables involved suggests that the factor in question can be rightly named as 'assessment center for individual development'. Due to differences in talent management practices in public and private sector, execution of 360 degree feedback system in both sectors is also different. There are several types of developmental activities which are being followed in private sectors but not in all public sector companies such as plan for individual development, establishment of development assessment centers (DAC) etc. competency gap identification, short term assignment, and individual development plan shows low level correlation but significant with the factor, which indicate that all these activities differs in both sectors.

Factor V (Participative decision making)

This factor explains 3.97 percent of the total variance. It loads significantly on the variables listed in Table 5.2.7.

A careful examination of the factor loadings for Factor V reveals that the highest factor loading is on 'developmental exercise'. Other variable like 'participative problem solving' also have equally high and positive loading for the factor. Other variables 'talent pool members' and 'specific talent management practices' are significant for this factor but in negative manner.

It may be noted from the nature of the variables involved in the factor suggest the name of Factor as 'Participative decision making'.

The factor analysis shows that development exercise and participative problem solving enhances talent retention and also improves talent management practices. The negative loading of talent pool membership and specific talent management practices shows that the organisations which are not having specific talent management practices and talent pool, even they are having developmental exercise for employees as well as participative problem solving practices as some extent.

Factor VI (Learning and development)

This principle component of factor analysis accounted for 3.60 percent of the total variance. It loads significantly on the variables listed in table 5.2.8.

Inspection of factor loadings for this factor reveals that the highest factor loading is on 'build grow and assess practices'. Other variables like 'participative problem solving' and 'training with certification' also have equally high and positive loading for this factor. Another variable 'mentoring processes also loads significant and positive for this factor.

Considering the nature and high loadings of the variables for this factor, it can conveniently be named as 'learning and development'. Analysis of this factor helps make out the learning and developing practices of the organisations. This analysis shows that generally organisations follow practices to build, grow and assess the employees. Few private sector organisations also provide certificate training to employees for their educational development. Mentoring process is also followed by few organisations.

Factor VII (Talent Identification)

This factor explains 3.34 percent of the total variance. It loads significantly on the variables given in table 5.2.9.

An examination of factor loading for Factor VII reveals that 'Identification of talent' is having high loading for this factor, and talent retention strategies are also loads positive and significant for the factor.

Considering the nature and high loading of variables relevant to this factor, it can be named as a 'Identification of talent.' High loading of the variable identification of talent indicates that if talent is properly identified and proper talent pool is prepared, it is positively correlated with talent retention.

Factor VIII (Attraction Strategies)

This principal component of factor analysis accounted for 2.99 percent of the total variance. It loads significantly on the variables given in table 5.2.10.

It may be noted that this factor loads highly on the variables 'open and transparent environment' and 'action learning'. Other variables like 'individual want to join organisation' and 'funding higher education' load significantly for the factor.

On the basis of factor loadings and the nature of variables clustered under this factor, it can conveniently be named as 'Attraction Strategies'. The factor patterns enables us to suggest that following the proper attraction strategies such as making the organisational environment open and transparent, funding higher education, opportunities for employee learning through action, and making employer brand etc. are a significant part of attracting and retaining talent.

Factor IX (Talent retention Strategies)

This principal component of the factor analysis explained 2.64 percent of the total variance. It loads significantly on the variables given in table 5.2.11.

A careful examination of the above factor loadings for Factor IX shows that 'separate selection procedure' and 'employees excited to work daily' are the two variables which having high and positive loading for the factor. Other variables 'establishing development assessment center' and 'short term assignments' are also loads significantly and positive for this factor. Variable 'identification of individual with special knowledge' load significantly for the factor but in negative direction.

Considering the nature and high loadings of the variables for this factor, it can be conveniently named as a factor of 'talent retention strategies'. The factor analysis brought the variables 'separate selection procedures', 'establishing development assessment center', 'short term assignments' and 'employees excited to work daily' together under this factor, thus pointing that higher the retention strategies, employees excitement to work daily will also be higher. Importantly, wrong identification of individuals will follow lower retention of talent.

Factor X (Opportunity to grow)

This factor explains 2.54 percent of the total variance. It loads significantly for the variables given in table 5.2.12

A careful examination of the above factor loadings for Factor X reveals that there is highest factor loading on 'Opportunity to grow'. Variable 'Action learning' loads significantly for the factor but in negative direction.

Keeping in view the nature of variables having high loading for this factor, it can conveniently be named as a factor of 'Opportunity to grow'. It explains that employees are given proper opportunity to grow within the organisation; it loads as important and relevant initiative for talent management. It also shows importantly that if action learning (OJT etc.) is not provided properly to employees, there are some other growing opportunities for employees are there in the organisation.

The factor analysis has yielded Ten (10) factors under which variables form coherent clusters indicate broader dimension of prevalent talent management practices. It has also brought out the relevant and important talent management initiatives in different public and private sector organisations.

Conclusion

The finding give a general trend of adaptability of talent management practices in the Indian industrial setting. From the output of Kaiser-Meyer-Olkin (KMO) and Bartlett's test we measure the significance. The KMO measures the sampling adequacy for a satisfactory factor analysis to proceed further. The factor analysis has yielded Ten (10) factors under which variables form coherent clusters indicate broader dimension of prevalent talent management practices. It has also brought out the relevant and important talent management initiatives in different public and private sector organisations. The main and relevant talent management practices, on which organisations should keep eye to manage their talent, are; establishment of performance potential matrix, contemporary motivational activities, Coaching, 360 degree feedback system, participative decision making, learning and development, talent identification, attraction strategies, talent retention, and opportunity to grow.

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