



TALENT MANAGEMENT - EXPLORING KEY FACTORS THAT INFLUENCE THE SMALL AND MEDIUM ENTERPRISES

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Abstract

This paper aims to clarify the meaning of talent management and investigate the extent of talent management in the SME's. Talented workers are key resources of competitive advantage for today's organizations. Talented employees and their skill sets are the path to success for a business as they provide a viable advantage over other organizations. "Talented workforce" are critical and an inadequate resource and organizations have come to comprehend this. They are certainly big assets and are a plus point for any organization. Organizations are faced by a scarcity for talented individuals and hence are motivated to work harder in order to retain talent. Therefore there is an increased need, that is being perceived by organizations for the right talent management practices to be adopted across the organizations. This paper will focus on the importance of talent management and talented workforce at the place of work and how to use them as a tool of business growth in organizations.

Keywords: Talent, Talent Management, SME's, Business Growth.

Talent Management Defined

Talent management can be defined as a critical process that ensures organizations have the right availability of human resources in place to meet the existing and future priorities of the business. The process encompasses all key facets of an employee's lifecycle such as selection, succession planning, performance management as well as development.

Managing talent is a key planning tool for the right human resource management. Talent management is the meticulous attraction, discovery, engagement, development, retention and deployment of persons who are of particular importance to an organization, either in view of their "high potential" for the future or because they fulfill crucial business roles (KEHINDE, 2012).

Talent management is best comprehended as a strategic shift around the thought processes of hiring, training, and retention of employees. Talent management is therefore an org-wide, an encompassing strategy for hiring, actively engaging, and retention of the star employees. The impact of talent management on organizational performance is an issue particularly when only the strategic staff is treated as talent of the firm (AbuElmaaty).

The Key Components of An Effective Talent Management Process Include

1. An unambiguous understanding of the organization's present and future business strategies.
2. Identification of the crucial gaps between existing talent and the talent required to drive successful business accomplishment.
3. A precise talent management roadmap that is designed to seal out the talent gaps which can be incorporated with the tactical business plans.
4. Precise hiring and promotion decisions.
5. A clear connectivity between individual and team goals with the corporate goals, setting clear expectations and providing clear pointers to effectively manage performance.



6. Development of talent to boost performance in the existing positions and preparation for transition to the next rank.
7. An emphasis on the talent strategy and the essentials required for its successful implementation.

The Current Emphasis on Talent Management

“Talent management is being recognized as an important area of study by researchers in a bid to explore the best out of the concept. The interrelated nature of talent management and its ability to contribute positively to an organization’s growth has led to a lot of studies being carried out to calculate its net worth in charting a success story” (Mehta). A few of the studies that have provided a basis and have given a route to the present study are cited herewith.

Hay (2002) conducted a primary study to identify three important factors for employee attrition as a result of improper talent management practices. “Three factors leading to employee attrition are lack of use of skills and abilities, unhappiness with the boss, and a lack of opportunity to learn new skills. Talent management practices like employee training over regular intervals to develop skills, offering Job rotation making employees use their different skills can be exercised to retain employee for a longer period of time with the company”. He also cites that employees may not continue with the company for ever but by using the appropriate talent management practices like the entry of employees, honing their skills, an organization can increase retention rate of employees.

Govaerts et. al (2010) in their exploratory study have identified ways to retain talent based on a survey conducted in professional organizations with the help of a sample of 972 employees and concluded, “to retain employees it is important to pay attention to learning of employees”. Learning and development of employees plays a very important role in the overall talent management strategy. They conclude “In order to retain people, organizations should allow people to learn more and do more in what they are good at. This category of talent management practices leads to satisfied employees thereby better retention.”The study further elucidates a positive relationship between the intention to stay with the company and the age of the employees. Using different talent management practices, an organization can retain employees for a longer period of time and also the intention of employee to leave will be drastically reduced.

Sigler (1999a) in their study have concluded that “Talent management practices such as incentive based pay may be the answer to retaining highly talented people. Moreover these ways of talent management screen out the poor performers”. Sigler (1999b) further found that all talent management practices will fail if equality is not maintained within the organization i.e. it cannot expect the performing employees to be satisfied with their work and working environment if poor performance from other employees is tolerated.

Similarly Byars & Rue (2000) found that “good talent management in the form of an effective employee reward system affects the job satisfaction. Extrinsic rewards can have a significant impact on the intrinsic rewards of employees which may eventually render the employees dissatisfied”. Talent management practices in the form of “performance based pay” make employees have a feeling of accomplishment and thereby reduce the probability of them leaving the organization.

Employee engagement is a crucial aspect of talent management and successful organizations view employee engagement as more of a mindset than just a program. Engagement has to be measured and



also has to be part of the holistic approach in order to hear the voices of the employees (Talent Management:Accelerating business performance).

Talent management initiatives have become crucial to organizations as employee dissatisfaction can have a ripple effect on various dimensions within the organization such as negative morale, disrupted productivity and ultimately the bottom line.

In a competitive talent market the employer value proposition (EVP) becomes essential and organizations are working hard to work on the relationship and trust between employer and employee.EVP can be understood as a “deal” between the employer and employee – which set out what each of them can offer and expect in return .Therefore the employer brand can be seen as a huge bargaining tool for organizations (PwC).Hence talent management initiatives within an organization becomes critical towards building the “employer brand”.

Talent Management: A Strategy Perspective

Talent management can be viewed from many important perspectives as follows

Process perspective: This perspective proposes that talent management includes all processes required to optimize people within an organization. The belief is that the future success of an organization is based on having the right talent – so managing and nurturing talent is an everyday process of organizational life.

Cultural perspective: This perspective believes that talent management is a mindset that believes that talent is crucial to success. There is an emphasis on development of every individual’s talent and their capabilities are paramount and appreciated. This allows people to explore and develop their talent as it becomes a part of their work routine.

Competitive perspective: This perspective proposes that talent management is about accelerated development and career paths for the highest potential employees. Hence the focus is on developing high potentials or talents more quickly and with more emphasis than others.

HR planning perspective: This is more generic HR planning perspective which states that talent management is about having the right people matched to the right jobs , doing the right things and at the right time. This is frequently visible in companies that experience rapid growth, and once they have stabilized in terms of size of operations their perspective might change. Succession planning takes an important position in organizations taking this approach.

Change management perspective: In this perspective talent management is viewed as a process that drives change in the organization, and uses the talent management system as part of a more wider strategic HR initiative for organizational change .This can either be a means of embedding the talent management system in the organization as part of a broader change process, otherwise it can put pressure on the talent management process in case of pervasive resistance to the change process.

Statement of the problem

According to the PwC report Industrial manufacturing companies are having difficulty filling jobs, even with relatively high unemployment rates in many countries. The problem is getting the right people for the available jobs. There is increasing competition for talent—and manufacturing is not always viewed as offering the most attractive career prospects. (Talent Management In Manufacturing, 2014)

SMEs also play a significant role in Nation's development through its high contribution in domestic production, significant export earnings, low investment requirements, operational flexibility, location wise mobility, low intensive imports, capacities to develop appropriate indigenous technology, import substitution, contribution towards defence production, technology-oriented industries, competitiveness in domestic and export markets thereby generating new entrepreneurs by providing knowledge, training and skill development.

Objectives of the study

1. To check the KMO test and Bartlett's test for factor analysis
2. To analyse the key factors that impact talent management in the SME's .

Sample of the Study

All the registered SME's with DIC, MSME and KASSIA were considered for the universe. Among these registered organizations, 100 companies were picked at random and questionnaires were administered to 400 employees. Responses from 369 employees were found to be appropriate and were considered for the purpose of analysis.

Data Analysis and Interpretation

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.926
Bartlett's Test of Sphericity	Approx. Chi-Square	17383.664
	df	2105
	Sig.	.000

1. KMO- Kaiser-Meyer-Olkin test: is a measure to test the adequacy of the sample. KMO is also known as data validation test. If the test results indicate that it is higher than 0.6 then the sample data is considered adequate enough to carry out factor analysis. As the above table shows that the KMO result is 0.926 which is greater than 0.6, factor analysis can be carried out.
2. Bartlett's test of sphericity: This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0. You want to reject this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before a factor analysis is conducted.

Factors of Talent Management with Factor Loadings

Construct	Statements	Factor Loadings		
		1	2	3
Talent Attraction	Good working conditions	.733		
	Involvement in decision making with superiors	.835		
	Good job security	.859		
	Managers encourage new ideas	.626		
Career Development	Honest feedback is given for developmental purpose		.865	
	Regular training programs are conducted		.805	
	Compensation is commensurate with appraisal rating		.807	
	Incentive practices are fair		.843	
	Salaries are according to industry standards			.708



Retention	Evaluation system is impartial			.816
	Safe working conditions			.781
	Good promotion opportunities			.626
	Existence of career path			.546

Factor analysis is a statistical tool to reduce large data and represent correlated variables into smaller groups or factors. The above table shows that 3 factors have been extracted using varimax rotation method.

Conclusion

In the wake of the scenario that mobility of labour is very high across national and international borders, talent management has a bigger role to play in modern management and especially in developing nations. It is equally of value that firms should train and constantly develop their work force to mobilize talent in the organization. The correlation between profitability and talent management is very obvious. (AbuElmaaty).

According to this study Talent management practices in SME's should incorporate a broad approach to include talent attraction, career development and retention strategies as important contributors to talent management.

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