

The impact of talent management on human resources efficiency

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Abstract

The belief that talented people create prosperous organizations contributed to the accomplishment of talent management concepts into reality. Highly capable professionals or talented employees who systematically nurtured the best skills typically demonstrate high performance and serve as one of the key success factors for the organizations. Organizations face challenges attracting and maintaining talented employees more than assets. Researches demonstrate that one of the major challenges an organization experience is the aspect of talent management.

The objective of the present study is to examine how talent management functions impact the efficiency of human resources. We conducted a sample survey in the metropolitan branch company of the major shareholding company. SPSS 23.0 and Smart PLS 3.0 are used in data analysis and we conducted several tests like reliability tests, correlation analyses, and structural equation models (SEM) to produce the results.

The survey results showed that the practice of talent management improves the efficiency of human resources. Moreover, it proved that proper forecasting of talent management needs that foresee opportunity career development and nurture the work culture which would support the mission and vision of the organization makes it possible to increase the efficiency of the human resources.

Keywords: Talent planning, Organizational culture, Attracting and retaining talents, Career advancement, Talent development, Human resources efficiency

INTRODUCTION

In the ever-competitive business world, taking advantage of rivals requires the human resources of the organization to be more competent and committed which is also closely related to organizational development. Consequently, organizations have been introducing talent management in their operations upon amendment of human resources policy and restricting. The implementation of talent management builds the potential to take advantage of the businesses (Mellahi & Collings, 2010; Farndale & et al, 2010; Meyers & et al, 2019). On the other hand, organizations that practice efficient and effective human capital management have the prospects of achieving their goals and objectives and maintaining organizational sustainability. Talented employees are one

of the key success factors as they hold professional knowledge, skills, and expertise that enable organizations to increase organizational performances, retain sustainability and gain an advantage over rivals (Farndale & et al, 2014), however, only 3-5% of the employees belong to this category (Nikravan, 2011). Organizations typically face a shortage of talented employees that the capital (Kehinde, 2012).

The goal of talent management is to maintain organizational sustainability (Campbell & Smith, 2014). According to Miller et al., (2010), the present unpredictable economic environment made organizational sustainability an essential factor for all organizations operating in various industries. Sustainability becomes a vital aspect for human resources and businesses globally and contemplates the organizations to focus on long-term organizational development. Therefore, the adoption of talent management, identification of the talents as resources, attraction, retention, and training & development of talents will contribute to the organizational competitiveness and sustainability of the business (Filmer, 2012).

LITERATURE REVIEW

The term talent management introduced during the Second World War, especially in McKinsey Consultants' book "War for talents" made the phenomenon popular globally and organizations recognized the significance of talented employees (Unurjargal, 2017). Talent management can be defined as the systematic and strategic process that concerns attracting talented employees, their development, retention, and employment in favor of the present and future needs of the organization. The phenomenon is not only limited to timely recruitment or attracting the best employees within the industry. Rather it is a series of activities that are concerned with the research of the talents who will meet the organizational needs, hiring, researching, and disclosure of their implicit skills, training & develop the talents to better fit the organization's requirements, retention, and promotion of the talents.

Talent management is an additional management process for organizational talents and the best method for creating long-term competitive positions that are guaranteed due to the valuable resources or talents (Khurshid & Darzi, 2016). Effective implementation of talent management including attraction of talents, development, and retention (Dunford & et al, 2001) increases employee productivity and sustainable performances that result in the improvement of human resources activities. In the implementation of talent management, it is important to ensure accurate planning that foresees long-term perspectives for the organizational life including identification of necessary talents, skills, and training & development perspectives who would be assets for the organization (Noe & et al, 2010).

Talent management planning is a process of creating talents within the organization that addresses the needs of different levels of the organization as well as key professionals. Optimal implementation of the plan contributes significantly to the increase of human resources' efficiency (Tetik, 2016; Harsch & Festing, 2020). Organizations hold diverse organizational cultures which are vital for the start and implementation of talent management success. Nurturing talent-supporting culture typically brings positive results (Bayyurt & Rizvi, 2015). One of the major challenges in the implementation of talent management is the long-term retention of talent (Mohammad, 2015). Talent attraction, retention, training & development, and career advancement can be made based on scholarships and compensation (Devi, 2017). The retention of high-performers is influential in the organization's know-how, human resources, finance, and operations (Hausknecht & et al, 2009). As attraction and retention play a significant role in increasing human resource efficiency an adaptation of the best practices is valuable (Lyria, Namusonge, & Karanja, 2017). Ensuring talents' career advancement opportunities assists in increasing employee satisfaction, engagement, loyalty, productivity, and performance (Phillips & Roper, 2009; Tarique & Schuler, 2010).

An opportunity for the employees to upgrade their knowledge, and skills positively impact the increase of employee commitment and engagement that leads to the growth of organizational efficiency (Darwish & et al, 2013). Organizations with efficient talent management tend to have productive and high-performing employees and they make a continuous effort to upgrade their employee skills (Mkamburi & Kamaara, 2017), and nurture novel skills (Sullivan, 2009; Tansley, 2011) that result in improved employee satisfaction, an opportunity to the

career advancement (MacBeath, 2006), and high retention levels (Yapp, 2009; Tansley, 2011). The success of any industry is dependent on employee contribution and responsibilities. There is no possibility to measure organizational success and growth only by earned profits. In ever increasingly competitive and complex environment, human resource efficiency, employee skills, and competence serve as the success factor for any organization (Lockwood, 2006). Consequently, an efficient talent management practice is crucial in increasing human resources efficiency (Ifeoma & et al, 2015; Harsch & Festing, 2020).

Research model: Based on the literature review we developed the following research model which is shown in Figure 1.

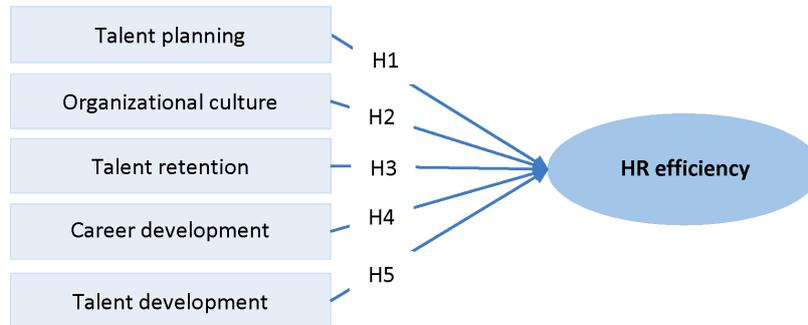


Figure 1. Research design

Research hypothesis: We proposed the following hypothesis for the study:

- H1: There is a significant relationship between talent planning and HR efficiency.
- H2: There is a significant relationship between organizational culture and HR efficiency.
- H3: There is a significant relationship between talent retention and HR efficiency.
- H4: There is a significant relationship between career development and HR efficiency.
- H5: There is a significant relationship between talent development and HR efficiency.

RESEARCH METHODOLOGY

Research method: The current study aimed at studying how the main functions of talent management affect human resource effectiveness. The survey was conducted by selecting a random sampling method among the employees of the capital city branch of ‘A’ JSC. The data were processed using SPSS 23.0 and PLS 3.0 a software widely used in social science research. Reliability analysis, factor analysis, and correlation analysis are performed to derive study results.

Sample: The population of employees working in the above-mentioned A company is 135 and the selection of 101 employees for the survey could present the population with a 95 % confidence level of probability. The data from 113 questionnaires are considered for further analysis.

Data collection: Online survey is conducted between April 28 and May 19, 2022, and 113 nurses participated in the survey. We used questionnaires developed by Society for Human Resource Management (SHRM) measuring responses with a 5-point Likert scale. Demographic characteristics such as age, gender, education, work experience, and participants’ job position are cautiously examined in the study.

Table 1. Demographic characteristics of the respondents

Age Segment			Work experience			Education background			Participants job position		
Age	n	%	Years	n	%	Education level	n	%	Job position	n	%
21-25	28	21.4	up to 1 year	15	11.5	Secondary education	-	-	Executive Director	-	-
26-30	32	24.4	1-3 years	42	32.1				Top managers and heads of the divisions	14	10.7
31-35	39	29.8	4-10 years	56	42.7	Undergraduate degree	85	64.9	Senior Specialist	24	18.3
36-40	22	16.8	11-15 years	11	8.4						

Under 41	10	7.6	16 and more years	7	5.4	Master's degree	46	35.1	Specialist	66	50.4
									Employee	27	20.6

Source: Authors

By age, 75.6 % of the respondents were young people who are below 35 years old, and 7.6 % of them were in their early 40s. By work experience, 11.5 % of the respondents have up to one year of experience, 32.1% worked 1-3 years of experience, 42.7% have 4-10 years of work experience, 8.4% of them worked 11-15 years and 5.4% of respondents worked more than 16 years. Of the positions held by the respondents: 20.6% were employees; 68.7% were senior executives, and the remaining 10.7% were department or branch managers

RESULTS AND DISCUSSION

Reliability Test of variables

In any study, before conducting analysis, there is a need to ensure the reliability and validity of variables. To test the reliability, Cronbach's alpha value is tested for validating the reliability of variables and the minimum cut-off points showed 0.7 (Nunnally, 1978) and which proved that the data is acceptable for further measurements. Afterward, composite reliability (CR) is used to examine internal consistency. Hair et al (2006) suggest that the CR value should be above 0.5, as such, all constructs are qualified for the test of internal consistency (see table 2). Moreover, the validity of the questions demonstrated above of 0.3. AVE (Average Variance Extracted) coefficient is also shown for 0.5 for composites (Fornell & Larcker, 1981) which means it is acceptable for measurement.

As composite reliability coefficient estimation presented 0.5 as compatible and the composites with coefficients less than 0.5 were excluded (Lirn & et al, 2014). In the analysis, we used only composites with 0.5 values. The results of the test are summarized in table 2.

Table 2. Results of variables reliability analysis

Factors	Factor loadings	Cronbach's α	AVE	CR
TP	.774 -.843	.826	.656	.884
OC	.780 -.901	.926	.686	.939
TR	.696 -.840	.855	.557	.882
CD	.746 -.872	.890	.682	.915
TD	.872 -.899	.890	.788	.918
HRE	.724 -.862	.917	.568	.915

Source: Authors

Discriminant validity of variables

The discriminant validity of the PLS model metric variables was assessed and the results are shown in Table 3.

Table 3. Evaluation of PLS model discriminant validity

	TP	OC	TR	CD	TD	HRE
TP	1					
OC	0.578	1				
TR	0.659	0.765	1			
CD	0.690	0.701	0.555	1		
TD	0.723	0.789	0.698	0.615	1	

HRE	0.701	0.523	0.613	0.701	0.695	1
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Source: Authors

Heterotrait-monotrait (HTMT) values were all below 0.90, indicating discriminative power.

Pearson Correlation analysis

The correlational analysis is used for statistical correlation to estimate how strong or weak the relations between independent and dependent variables are. Moreover, it is used for analyzing data from more than one variable. It shows the relation between two or more variables such that examine the changes in one variable effect on the other variable. The result of the correlation analysis is shown in Table 4.

Table 4. Results of Pearson correlation analysis

		Correlations					
		TP	OC	TR	CD	TD	HRE
TP	Pearson Correlation Sig. (2-tailed)	1					
OC	Pearson Correlation Sig. (2-tailed)	.669** .000	1				
TR	Pearson Correlation Sig. (2-tailed)	.532** .000	.625** .010	1			
CD	Pearson Correlation Sig. (2-tailed)	.627** .001	.685** .000	.651** .000	1		
TD	Pearson Correlation Sig. (2-tailed)	.468** .000	.558** .000	.717** .000	.629** .010	1	
HRE	Pearson Correlation Sig. (2-tailed)	.638** .001	.661** .000	.615** .000	.695** .002	.569** .000	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors

The results of the analysis show that HR efficiency has a significant correlation with career development [$r = .695$, $p < 0.01$], organizational culture [$r = .661$, $p < 0.01$], talent planning [$r = .638$, $p < 0.01$], talent retention [$r = .615$, $p < 0.01$] and talent development [$r = .695$, $p < 0.01$].

Structural Equation Modeling (SEM)

For testing the significance of the structural model and variables R Square is estimated for PLS analysis. The correlation between independent and dependent variables was reviewed during the analysis. The results of the analysis supported all six assumptions and all the regression weight values were positive and significant ($p < 0.01$). The results of the survey are shown in Table 5.

Table 5. Research Results of PLS-SEM

Hypothesis	Path	Standardize Beta	Standard Error	P value	Remarks
H1	Talent planning→ HR efficiency	.275	0.008	.000	Supported
H2	Organizational culture→ HR efficiency	.328	0.055	.000	Supported
H3	Talent retention→ HR efficiency	.396	0.012	.000	Supported
H4	Career development→ HR efficiency	.548	0.089	.000	Supported
H5	Talent development→ HR efficiency	.423	0.005	.000	Supported

Source: Authors

The test results show that in the case of respondents, career development has a strong impact on HR efficiency [$\beta=.548$, $p< 0.01$], and talent development [$\beta=.423$, $p< 0.01$], talent retention [$\beta=.396$, $p< 0.01$], organizational culture [$\beta=.328$, $p< 0.01$] have an average impact on HR efficiency. Also, talent planning has a weak impact on HR efficiency [$\beta=.275$, $p< 0.01$]. The determination coefficient (R square) of 0.663 presents that these factors can be explained by 66.3% and the remaining factors can be explained by other factors that are not included in the equation. Having established the validity and the reliability of the measurement model, the next step was to test the hypothesized relationship by running the PLS algorithm and Bootstrapping algorithm in PLS 3.0

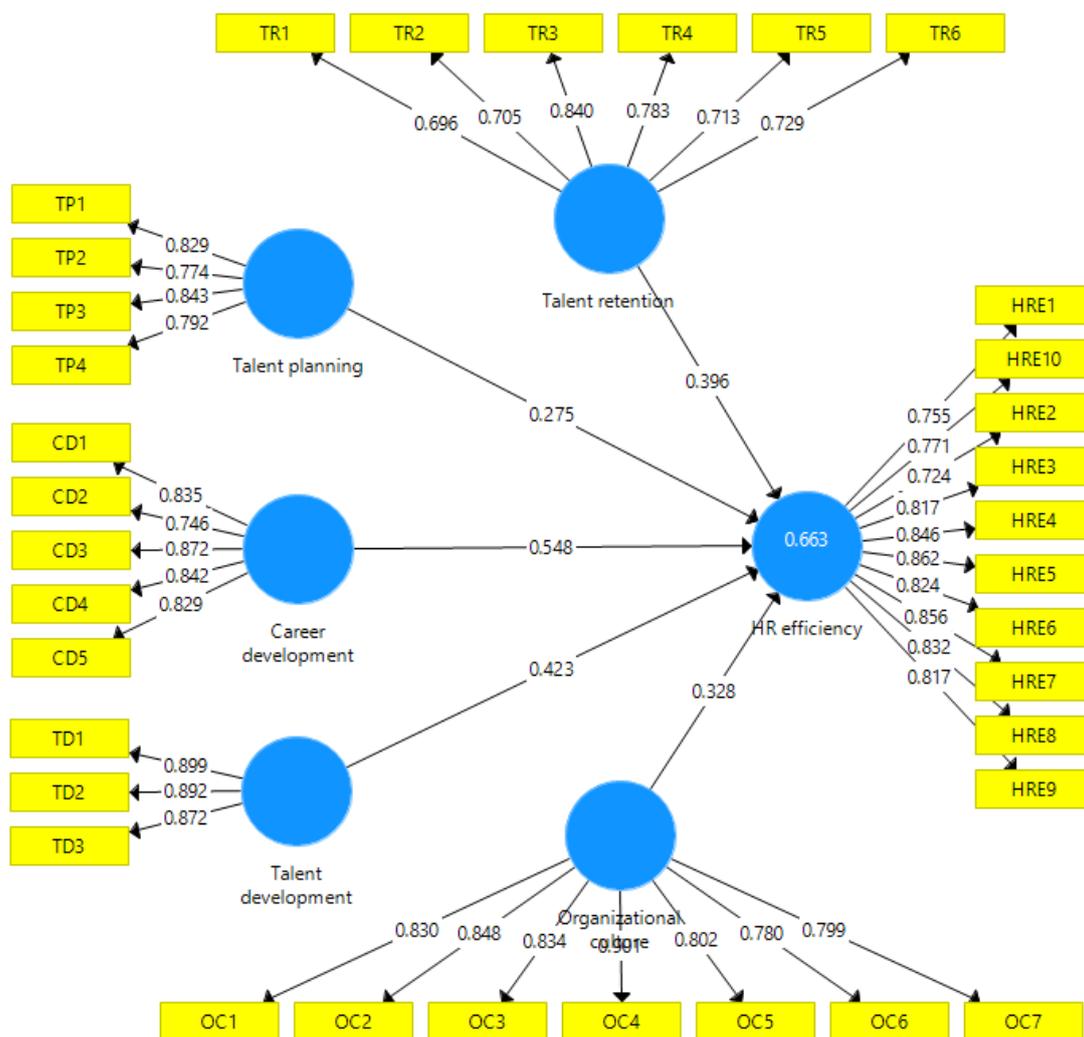


Figure 2. Items loadings and path coefficient

The hypotheses are all confirmed because all effects of associated regulator variables (Beta coefficients) are statistically significant ($p < 0.01$).

The present study reviewed talent management theories, concepts, and best practices as well as examined the correlations between organizational efficiency and employee/human resources, models used in the previous studies to develop the model for the current study. According to the study, in the case of 'A' shareholding company, human resources efficiency has an evident, positive impact on the talents' career advancement [$\beta = .548$]. That can be explained that ensuring talented employee career advancement through confirming their impact on the employees, guaranteeing decision-making authorization, increasing opportunities for professional development, and upgrading careers are essential for employee efficiency. Moreover, talent development [$\beta = .423$], retention [$\beta = .396$], and nurturing talent-oriented organizational culture [$\beta = .328$] presented a moderate, positive impact on the human resources efficiency of the organization. There is an opportunity to increase human resources' efficiency by implementing a sound policy on attracting talent and retaining and developing employees with high performance. Additionally, an attraction of talents leads to working for the achieving organization's goals, and objectives and the design of the organizational culture that support the talents will undoubtedly contribute positively to the human resources 'efficiency.

In the case of A shareholding company, talent planning had a weak positive impact [$\beta = .275$] on the efficiency of human resources. For the survey participant organization, it is seen that implementation of talent management practices considering its' individuality, particularly, proper planning, talent attraction, and practicing a sound policy on retention of talents, development, and career advancement will visibly contribute to the increase of the human resources' efficiency of the organization.

The results of the study were consistent with the results of previous research and proved that talent management practices require the best use of the organization's human resources and the successful implementation of it guarantees the increase of the human resources' efficiency (Phillips & Roper, 2009; Tarique & Schuler, 2010; Darwish & et al, 2013; Ifeoma & et al, 2015; Harsch & Festing, 2020).

CONCLUSION

It has been a long time since talents are acknowledged as the path to business success. An accurate understanding and awareness of the 'talented employee' concept is key to the effective implementation of talent management in the organization (Michaels & et al, 2001; Tansley & et al, 2007; Gallardo-Gallardo & et al, 2013). For that reason, research agrees that talent management is getting one of the significant challenges for organizations.

The research has practical benefits as it attempted to demonstrate that implementing the system focused on talented employees had significance in increasing the efficiency of human resources of the organization. Researchers concluded like other scholars, the implementation of talent management in an organization creates an opportunity to gain competitiveness, increase employee productivity, and obtain economic value.

Limitations and further research

We need to note the limitations of the present study as it considered only the relationships between talent management and the efficiency of human resources along with the functions of talent management in the case of one organization. We consider that there is a need to further the study by addressing the relationships with other factors like talent management output, the performance of experienced employees, commitment and engagement, and productivity in the case of several organizations representing various industries to extend the research scale and scopes to deepen the significance of this area.

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