

Managing People of an Organization Through Talent Management: A Factor Analysis Approach



Management

KEYWORDS : Managing People, Talent Management, Factor Analysis

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ABSTRACT

Liberalization of the Insurance sector has allowed the foreign players to enter the market with their Indian partners. Most of the foreign Insurers have joined within the local market. India offers immense possibilities to foreign Insurers since it is the world's most populous country having over a billion people. Private and Foreign entrants in the Insurance Industry made others difficult to retain their market. Higher customer aspirations lead to new expectations and compel him to move towards the insurer who provides him the best service in time. It becomes less viable for them even to maintain the functional networks or competitive standards and services. To survive in the Industry they analyze, the emerging requirements of the policyholders / insurers and they are in the forefront in providing essential services and introducing novel products. Talent Management refers to the process of developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for company. Talent management is considered to be an important way of ensuring that HRM becomes a central component of a business's strategy and is integrated into the everyday processes throughout an organization, from the practices of the HR department and line managers to those of senior management. The objective of current study is to identify factors which are affecting Talent Management activities. The data is collected from the people who are working in the private sector insurance companies of Gujarat. Factor analysis is used as a tool of analysis.

Introduction:

With a huge population base and large untapped market, insurance industry is a big opportunity area in India for national as well as foreign investors. India is the third largest life insurance market in the emerging insurance economies globally and is growing at 32-34% annually.¹ This impressive growth in the market has been driven by liberalization, with new players' significantly enhancing product awareness and promoting consumer education and information. Liberalisation on the Insurance sectors has allowed the foreign players to enter the market with their Indian partners. Most of the foreign Insurers have joined within the local market. India offers immense possibilities to foreign Insurers since it is the world's most populous country having over a billion people. Organisations are operating in increasingly dynamic environment. To be truly successful they need to stay one step ahead of the game and predict who will be the key drivers of their future success. In such a context, the approach taken on talent is the closest an organisation gets to a crystal ball. It can enable them to identify the leadership DNA that will drive their performance in the future. The word 'Talent' has gained importance now days. It is said that the person without talent is of no use, he cannot be successful in the life if he has no talent, no skill and no innovative thinking. The approach of talent management use in human resources management has been carefully verified by the practice abroad, the organizations consider it as a useful instrument of systematic work with talented individuals. Talent management is of core to the vitality of the business to meet and exceed current as well as future business strategies and goals.² Although most organizations have increased their emphasis on talent management over the past three years, they recognize that they still need to improve their talent management programs. Even those talent management programs that are considered most effective — specifically, employee learning and development, and performance management — are rated as very effective by less than 30% of organizations.³

Concept of Talent Management:

A concept of talent management does not place any special demands on organizations from the standpoint of human resource management tasks as well as that of individual personnel activities. A careful application and mutual interconnection of the best principles and approaches that have proved their worthiness in practice, especially in the field of acquisition and selection, education and development, remuneration and care of employees are in question. Talent management does not concern, as it is sometimes mistakenly simplified, only a matter of

remuneration and benefits for talented employees but also motivation, making advancement in their career possible, creation of appropriate working environment, their superiors' decent approach, cultivating a quality of recognition, appreciation and respect, the introduction of targeted strategies and others that will provide people and organizations with a space and the opportunity to develop and use their talent.⁴ In simple words, talent Management refers to the process of developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for your company. Talent management is a process that emerged in the 1990's and continues to be adopted, as more companies come to realize that their employee's talents and skills drive their business success.⁵ The term talent management means different things to different people. For example, The Chartered Institute of Personnel and Development considers that talent management is focused on the individual member of staff who can either make an immediate positive difference to organizational performance, or who possess the potential to make such a difference at some point in the future.⁶

Review of Literature:

1) The concept of talent management was derived from World War II (Cappelli, P. (2008) Talent management for the twenty-first century. Harvard Business Review, March, 74-81), however its strategic importance has been realized when McKinsey consultants group claimed the human resource as "War for Talent" in late 1990's (Scullion, H. &Collings, D. G. (2010) Global talent management. Journal of World Business, 45, 105-108.). This war for talent was prompted by the realization that talent shortages were increasingly becoming one of the biggest human resource concerns for multinational corporations (Makela, K., Bjorkman, I. &Ehumanresourcenrooth, M. (2010) How do MNCs establish their talent pools? Influences on individuals' likelihood of being labeled as talent. Journal of World Business, 45, 134-142.). Thus, the organizations interested in maximizing productivity and effectiveness adopted systematic and rigorous approaches for attracting, selection, development and retention of talented key employees (Huselid, M. A., Beatty, R. W. & Becker, B. E. (2005) 'A Player' or 'A Positions'? The strategic logic of workforce management. Harvard Business Review, December, 110-117.)

2) Farndale, E., Scullion, H. and Sparrow, P. presented a paper on the role of the corporate HUMAN RESOURCE function in global talent management, Journal of World Business. 45, (2), 161-168,

2010. It discussed that talent management helps organization towards identifying succession and talent gaps, planning goals, developing strategies for critical performance appraisal, average prior experience, skills, average tenure, retirements and turnovers. Talent management is the distinguished key driver of organizational performance. It enables the organizations to integrate their human capital processes to address their urgent talent challenges faced by management. Talent gaps in a business organization open doors for new recruitment, talent management for attracting future employees. Many authors regard talent management as a managerial strategic priority of the 21st century.

3)Collings, D. and Mellahi, K. in Strategic talent management: a review and research agenda, Human Resource Management Review. 19, 304-313, 2009, discussed that participation and personal relationships support motivation of knowledge workers as it raises their apprehensive self-determination and builds psychological contracts on the basis of emotional loyalties, including trust, fairness, justice, and punctuality. In today's society, where knowledge workers are regarded as a key asset, talent is rare and people are certainly more mobile. Therefore, every organization has to establish and implement a strategy for optimizing talent attraction, retention, and development. Other than recruiting talents that fit the required skills, it is of high importance to build goals that are based on strategy, conduct performance against these goals, and provide feedback to the performer to give a sense of common direction Employees' knowledge, skills and competencies are an important competitive weapon, hence talent needs to be maximized and recognized as one of the discrete source of organizational competitive advantage.

4) Hewitt Associates and Human Capital Institute gave report in The State of Talent Management: Today's Challenges, Tomorrow's Opportunities, October 2008.⁸ It stated that. Among the issues impacting the "next generation" workforce are impending skill shortages, an increasingly cross-generational and diverse workforce, the need for knowledge transfer from retiring baby boomers, and significant leadership gaps. Intense cost pressure from both traditional and emerging competitors, new markets, and more demanding customers are additional elements that give a new sense of urgency to the concept of talent management. Many of the organizations have highlighted with effective talent management practices for years — consistently demonstrating their commitment to developing great talent. And over time, this commitment has translated into a strong base of talent and a pipeline of leaders with a demonstrable impact on business results. Innovative ideas, strong execution, and a foundation of clear metrics can enable many more talent management professionals to create a talent mind-set that will prepare their organizations to face the challenges ahead.

5) XinChuai, David Preece and Paul Iles submitted a paper titled, Is talent management just "old wine in new bottles"? The case of multinational companies in Beijing, to Management Research News Vol. 31 No. 12, pp. 901-911, 2008.⁹ Certain similarities and differences were found out between TM and HRM. By comparing models of HRM with normative and empirical findings related to TM, this study concludes that TM seems to presage some new and rather different approaches to the management of the people resource in MNCs in China rather than a simple repackaging of old techniques and ideas with a new brand or label. Meanwhile, the study's findings give grounds to challenge the idea that TM is another struggle by HR professionals to enhance their legitimacy, status and credibility. Rather, TM seems to be a new management ideology that may make a difference to the success and competitive advantage of the organization studied in the three Chinese cities in particular and to Chinese organizations in general. Therefore, TM should not be

simply considered as old wine in new bottles.

Research Methodology:

Statement of Problem:

Insurance has a very important role in this process. Health insurance and pension systems are fundamental to protecting individuals against the hazards of life and India, as the second most populous nation in the world, offers huge potential for that type of cover. Private insurance systems complement social security systems and add value by matching risk with price. Success of organization is based upon the talent management in today's competitive marketplace. So, the statement of Problem for this study is **"Managing People of an organization through Talent Management: A Factor Analysis Approach"**

Objectives of Study:

- To Check the KMO test for factor analysis
- To analyse the most affecting factors of Talent Management in the selected insurance companies.

Universe & Sample of the Study:

All Employees of Private Sector Insurance companies of Gujarat State formed a Universe of the present study. Out of the universe the researcher has sent questionnaires to employees of private sectors insurance companies of selected districts and received responses from 405 employees, responses of 381 Employees found appropriate and considered for the purpose of analysis who are working in different companies at various level.

Scope of the Study:

The current study has been carried out with an objective to get some insights about the Talent Management Activities carried out by various Private Sector Insurance Companies. The scope of this study is limited to selected Private Sector Insurance Companies providing Life Insurance Products in Gujarat State. Current study has covered all employees irrespective of their designation in organization.

Data Collection:

The researcher will try to analyse the impact of Talent Management Activities of selected Private Sector Insurance Companies of Gujarat State. For the purpose of analysis, primary data is used which has been collected through Structured Questionnaire from the employees of selected Private Sector Insurance Companies of Gujarat State. The data will be collected from Private Sector Insurance companies such as Bajaj Allianz Life Insurance, ICICI Prudential Life Insurance, Tata AIG Life Insurance, Max New York Life Insurance, etc. The data will be collected from Ahmedabad, Baroda, Bhavnagar, Jamnagar, Junagadh, Rajkot and Surat districts.

Data Analysis and Interpretation:

KMO – Bartlett's Test for Factor Analysis

Table No. 1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy. .927		
Bartlett's Test of Sphericity	Approx. Chi-Square	16938.395
	df	2211
	Sig.	.000

KMO i.e. Kaiser-Meyer-Olkin test measures the adequacy of the sample. KMO is also known as data validation test. If the test indicates the result that is higher than 0.50 than the sample data is adequate enough to carry out the factor analysis. As the above table shows that the KMO result is 0.927 which is much greater than 0.50, factor analysis can be carried out.

Factors of Talent Management with Factor Loading and Communalities

Table No. 2

Result of Factor Analysis

Sr. No.	Factors of Talent Management	Factor Loading	Communalities	% of variance
1	Sustainable Development			34.838
	Opportunity is provided for innovation and creativity	0.734	0.768	
	Organization views employees as its assets	0.71	0.745	
	Pay equity is practiced	0.702	0.733	
	If needed one to one training is given	0.699	0.752	
	Management is flexible and understands the importance of balancing work and personal life.	0.699	0.714	
	There is proper performance management system	0.690	0.635	
	Continuous efforts are made for developing and sustaining talented people in the organization	0.683	0.735	
Salaries are market related	0.656	0.697		
2	Efficiency Enhancers			16.522
	Latest methods of training are used.	0.752	0.677	
	Everyone posses interest for training and development	0.666	0.689	
	Theoretical and practical training is given	0.663	0.768	
	How frequently your company recruits employees	0.620	0.603	
Rewards and compensation are given to employees for exemplary work.	0.616	0.673		
3	Career Development			11.61
	Most appropriate tools like compensation, succession planning, are used for retaining.	0.728	0.622	
	Actively engaged employees helps in the development of the organization	0.726	0.640	
	Employees are motivated through the activities of employee engagement.	0.715	0.603	
	Seminars, workshops, etc are organized.	0.710	0.579	
Performance is judged by experts.	0.699	0.591		
4	Turnover Avoidance			7.927
	Efforts are made starting right from induction so that employees don't think of leaving the job.	0.678	0.487	
	Actively engaged employees can be easily retained	0.671	0.656	
	Opportunities are created for development	0.627	0.472	
5	Grasping Talent			4.435
	The gap between talent in place and talent required is identified	0.656	0.685	

0.60 percent. Factor 1 is labelled as “**Sustainable Development**” which includes the statements that helps in the sustainable development of individual such as opportunity for creativity and innovation, employees as assets, pay equity, one to one training, work life balance, good performance management system, market related salary and efforts by management. It accounts for 34.838 percent of total variance. Factor 2 is labelled as “**Efficiency Enhancer**” which includes the statements that helps to improve the efficiency such as interest in training & development, latest methods of training, one to one training and rewards and compensation. It accounts for 16.522 percent of total variance. Factor 3 is given the title of “**Career Development**” as such it includes all the statements like succession planning, employee engagement, seminars & workshops, experts judging the performance, which helps in the development of the career of an individual. It accounts for 11.61 percent of the total variance. Factor 4 has been titled as “**Turnover Avoidance**” because all the statements included under this factor helps an organization to reduce its employee’s turnover. It includes the statements like efforts right from the induction, active engagement to work and chances for development. It accounts to 7.927 percent of the total variance. The last factor i.e. Factor 5 has only one statement which is very important. The statement is gap between talent in place and talent required is identified by the organization. It accounts around 4.435 percent of the total variance.

Conclusion:

Insurance is one of the fastest growing sectors of the economy. After privatization in the Indian economy, the potential of private insurance sector has been strengthened. It contributes about 7% to the country’s GDP. Indian Insurance Industry is one of the booming Industries of the economy and is growing at the rate of 15-20 % per annum. Talent management system not only helps to retain the intellectual assets but also maintains and sustain the employees. Talent management system starts right from the recruitment of the employees till their retirement. It includes the various factors like performance management system, motivation, career development, compensation and rewards, value addition activities, etc. The factors which identified in this research will be further analysed considering various other tools.

Factor analysis is a statistical tool which is used to reduce the larger number of data and represents correlated variables with a smaller set of “derived” variables which is known as factors. Factors are formed that are relatively independent of one another. The above table shows the main four factors that have been extracted using varimax rotation method. At the end of analysis, total 5 set of factors were identified by software. Factor 1 has 8 statements, Factor 2 has 5 statements, Factor 3 has 5 statements, Factor 4 has 3 statements and Factor 5 has only one statement. For the purpose of analysis, finally 5 factors have been label which had a factor loading greater than or equal to

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