

Examining the Effect of Talent Management on Organisational Commitment: A Case Based Approach

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Abstract

The impact of talent Management (HRM) practices on the affective organisational commitment among employees in the information technology sector was investigated. The study is case based and was carried in Experion Technologies Pvt. Ltd., located in Technopark, Trivandrum, Kerala. Purposive sampling was used to select 58 software engineers who form the sample of the study. Questionnaire was used as the data collection tool. Pearson correlation and Regression analyses were used to draw the relationship between talent management variables and organisational commitment. The results showed that organizational commitment of employees depends more on the selection practices , work environment and recognition practices of the organisation. The results have a great implication for the information technology sector in India.

Keywords:

Organizational commitment, HRM practices, TM practices, competency, IT sector

Introduction¹

The organizations working in a competitive environment require their employees to perform given tasks, demonstrate innovative behaviour and perform beyond expectation. For this purpose organizations invest in human capital by introducing human resource practices such as recruitment, promotion, training, positioning, performance appraisal, rewards etc. to retain employees. Investing in HR practices the organizations create capable workforce, equip them to find opportunities in external environment and be more responsive than their competitors there is a significant relationship between Human Resource Management practices and Organisational Commitment. HR practices can be segregated to the extent they lead to organizational commitment. Having a pool of good employees and developing their loyalty becomes extremely important. Constant and systematic approach to recruitment and selection and training and development reduces moving from one job to another job and ensures long-term employment; internal promotion practices with a little recognition given to seniority and the implementation of the productivity-linked compensation system would create a more commitment among employees.

Organisational performance depends on the organisation itself but usually consists of employee attitudes and behaviours, turnover, levels of absenteeism, job satisfaction, productivity, customer services and organisational commitment (Huselid, 1995; Marchington and Wilkinson, 2012). In the context of this research, organisational performance is measured only in terms of organisational commitment of the employees. Meyer and Allen (2007) devised a three-component model of commitment that proposed three different components of commitment that correspond with different psychological states: Affective (desire), continuance (need), and normative (moral obligation) commitment (Meyer and Allen, 2007). In this study Affective commitment is measured. A high level of affective commitment has been found to be related to low employee turnover, low absenteeism and improved job performance (Meyer et al., 2002). The first objective of the study is to explore the relationship between talent management practices and organisational commitment Hence few talent management practices have been identified from the review of literature which focus on attracting, developing and retaining talents. The second objective is to find the impact of these talent management practices on organisational commitment.

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Research Model:

The workplace is a dynamic field and to remain competitive, employee commitment is important. At Strategic level, supportive business strategies, top management value of commitment, effective voice of HR in strategy making helps to seek employee commitment. Fair human resource policies e.g a policy of promotion based on merit will also increase commitment. At Hr policy level, staffing based on employment requirement, investing on training and development, implementing compensation packages that boosts motivation and reinforces cooperation are few things that can raise the commitment level. At Workplace level, selection based on high standards, job design and team work, employee involvement in problem solving, and building up an organisational climate of co-operation and trust also enhances commitment of employees. Hence, human resource management practices which helps in attracting, developing and retaining talents in the organisation have been chosen for the study. The variables identified are job design, selection, training and development, empowerment, information sharing, performance management, compensation management, career development, work environment and recognition practices.

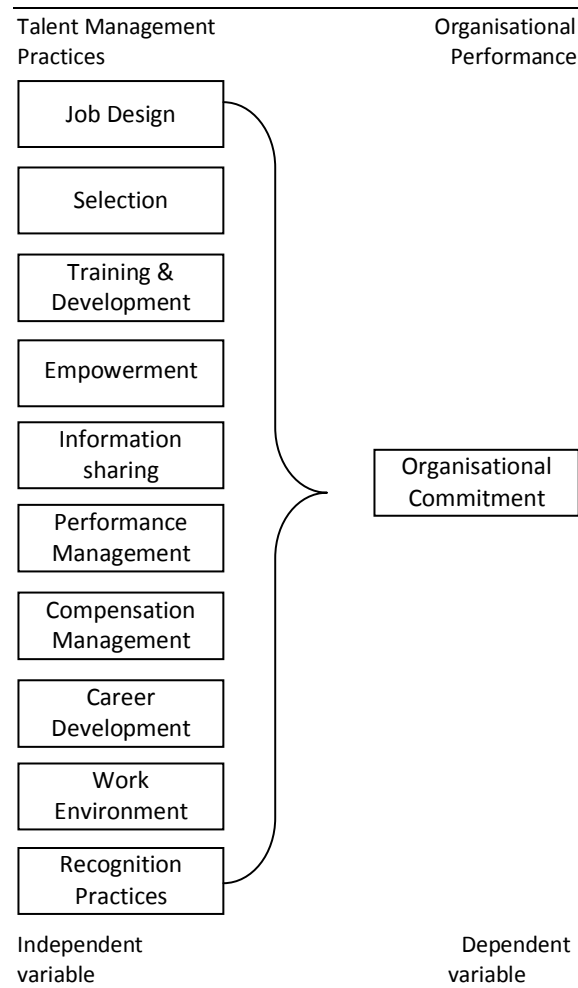
Job design refers to deciding on the contents of a job. It fixes the duties and responsibilities of the job, the methods of doing the job and the relationships between the job holder (manager) and his superiors, subordinates and colleagues. Job design also gives information about the qualifications required for doing the job and the reward (financial and non-financial benefits) for doing the job.

Selection is the process of selecting a qualified person who can successfully do a job and deliver valuable contributions to the organization. A selection system should depend on job analysis. This ensures that the selection criteria are job related and will provide meaningful organizational value.

Training and development refers to any effort to advance the present or prospected workers' performance, by increasing an employee's capability through learning. This process changes the employee's mind-set and also boosts his/her skills and knowledge.

Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level.

Fig. 1: Research Model



Research Methodology

The study makes use of case study approach. The population comprises of 340 employees of Experion Technologies Pvt. Ltd., located in Technopark, Trivandrum. Experion Technologies is a software products and services company with its headquarters in Techno Park, Kerala, India. The company focuses on Mobile Solutions, Engineering Services and Technology Services. Apart from its global delivery center in India, Experion has offices in Australia, Germany, Netherlands, Switzerland and United States. Purposive sampling method was used to select 58 software engineers from Experion. The engineers who had a minimum experience of 3 years form the sample for the study.

Questionnaire was used for collecting primary data for the study. Validity was confirmed by experts in the field and in order to determine reliability Cronbach alpha coefficient was used and a value of .945 was obtained. Kolmogorov – Smirnov test was used for checking normality. Questionnaire contains 117 questions based on 5 point Likert scales starting from strongly agree to strongly disagree. It was designed in two axes, first axis

related to variable of talent management and second axis is related to organisational commitment. Meyer and Allen (2007) scale on affective commitment was used to measure organisational commitment. The data was analysed using SPSS 16.

Data Analysis & Interpretation:

Correlation

Pearson correlation test was applied for measuring the relationship and regression analysis was utilized for determining the effect of independent variables on dependent variable.

Hypothesis 1

H0 - There is no significant relationship between Job design and commitment of employees in the organization

H1 - There is a significant relationship between Job design and commitment of employees in the organization

Table 1: Correlations between job design and commitment

		Job Design	Commitment
Job Design	Pearson Correlation		
	Sig. (2-tailed)	1	.278*
	N	58	.034
Commitment	Pearson Correlation	.27	58
	Sig. (2-tailed)	8*	1
	N	58	58

*. Correlation is significant at the 0.05 level (2-tailed). Inference

The Sig. (2-Tailed) is 0.034. This value is less than .05, $r = .278$. Thus, we can conclude that there is a statistically significant relationship between job design and commitment. So we can accept H1 and reject H0

Hypothesis 2

H0 - There is no significant relationship between selection and commitment of employees in the organization

H1 - There is a significant relationship between selection and commitment of employees in the organization

Table 2: Correlations between Selection and commitment

		Selection	Commitment
Job Design	Pearson Correlation		
	Sig. (2-tailed)	1	.366**
	N	58	.005
Commitment	Pearson Correlation	.366**	58
	Sig. (2-tailed)	.005	
	N	58	58

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

The Sig. (2-Tailed) is 0.005. This value is less than .05, $r = .366$. Thus, we can conclude that there is a statistically significant relationship between selection and commitment. So we can accept H1 and reject H0

Hypothesis 3

H0 - There is no significant relationship between training and development Commitment of employees in the organization

H1 - There is a significant relationship between training and development and commitment of employees in the organization

Table 3: Correlations between Training and Development & commitment

		Training and Development	Commitment
Training and Development	Pearson Correlation		
	Sig. (2-tailed)	1	.172
	N	58	.196
Commitment	Pearson Correlation	.172	1
	Sig. (2-tailed)	.196	
	N	58	58

The Sig. (2-Tailed) is 0.196. This value is greater than .05, $r = .172$. Thus, we can conclude that there is no statistically significant correlation between training and development and commitment. So we can accept H0 and reject H1

Hypothesis 4

H0 - There is no significant relationship between empowerment and commitment of employees in the organization

H1 - There is a significant relationship between empowerment and commitment of employees in the organization

Table 4: Correlations between Empowerment and commitment

		Empowerment	Commitment
Empowerment	Pearson Correlation		
	Sig. (2-tailed)	1	.379**
	N	58	.003
Commitment	Pearson Correlation	.27	58
	Sig. (2-tailed)	.379**	1
	N	58	.003

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

The Sig. (2-Tailed) is 0.003. This value is less than .05, $r=.379$. Thus, we can conclude that there is a statistically significant correlation between empowerment and commitment. So we can accept H1 and reject H0.

Hypothesis 5

H0 - There is no significant relationship between information sharing and commitment of employees in the organization

H1- There is a significant relationship between information sharing and commitment of employees in the organization

Table 5: Correlations between Information Sharing & commitment

		Information Sharing	Commitment
Information Sharing	Pearson Correlation		
	Sig. (2-tailed)	1	.409**
	N	56	56
Commitment	Pearson Correlation	.27	58
	Sig. (2-tailed)	.409**	1
	N	.002	58

The Sig. (2-Tailed) is 0.002. This value is less than .05, $r=.409$. Thus, we can conclude that there is a statistically significant correlation between information sharing and commitment. So we can accept H1 and reject H0

Hypothesis 6

H0 - There is no significant relationship between performance management and commitment in the organization

H1 - There is a significant relationship between performance management and commitment in the organization

Table 6: Correlations between Performance management & Commitment

		Performance Management	Commitment
Performance Management	Pearson Correlation		
	Sig. (2-tailed)	1	.524**
	N	58	58
Commitment	Pearson Correlation	.524**	1
	Sig. (2-tailed)	.000	
	N	58	58

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

The Sig. (2-Tailed) is 0.000. This value is less than .05, $r=.524$. Thus, we can conclude that there is a statistically significant correlation between performance management and commitment. So we can accept H1 and reject H0.

Hypothesis 7

H0 - There is no significant relationship between compensation management and commitment of employees in the organization

H1 - There is a significant relationship between compensation management and commitment of employees in the organization

Table 7: Correlations between Compensation management & Commitment

		Compensation Management	Commitment
Compensation Management	Pearson Correlation		
	Sig. (2-tailed)	1	.496**
	N	58	58
Commitment	Pearson Correlation	.27	58
	Sig. (2-tailed)	.496**	1
	N	.000	58

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

The Sig. (2-Tailed) is 0.000. This value is less than .05, $r=.496$. Thus, we can conclude that there is a statistically significant correlation between compensation management and commitment. So we can accept H1 and reject H0

Hypothesis 8

H0 - There is no significant relationship between career development and commitment of employees in the organization

H1 - There is significant relationship between career development and commitment of employees in the organization

Table 8: Correlations between Career Development & commitment

		Career Development	Commitment
Career Development	Pearson Correlation		
	Sig. (2-tailed)	1	.544**
	N	58	58
Commitment	Pearson Correlation	.544**	1
	Sig. (2-tailed)	.000	
	N	58	58

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

The Sig. (2-Tailed) is 0.000. This value is less than .05, $r=.544$. Thus, we can conclude that there is a statistically significant correlation between career development and commitment. So we can accept H1 and reject H0

Hypothesis 9

H0 - There is no significant relationship between work environment and commitment of employees in the organization

H1 - There is a significant relationship between work environment and commitment of employees in the organization

Table 9: Correlations between Work environment and Commitment

		Work Environment	Commitment
Work Environment	Pearson Correlation		
	Sig. (2-tailed)	1	.732**
	N	58	58
Commitment	Pearson Correlation	.732**	1
	Sig. (2-tailed)	.000	
	N	58	58

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

The Sig. (2-Tailed) is 0.000. This value is less than .05, $r=.732$. Thus, we can conclude that there is a statistically strong and positive significant correlation between work environment and

commitment. So we can accept H1 and reject H0

Hypothesis 10

H0 - There is no significant relationship between recognition practices and commitment of employees in the organization

H1- There is a significant relationship between recognition practices and commitment of employees in the organization

Table 10: Correlations between Recognition practices and Commitment

		Recognition Practices	Commitment
Recognition Practices	Pearson Correlation		
	Sig. (2-tailed)	1	.482**
	N	58	58
Commitment	Pearson Correlation	.482**	1
	Sig. (2-tailed)	.000	
	N	58	58

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

The Sig. (2-Tailed) is 0.000. This value is less than .05, $r=.482$. Thus, we can conclude that there is a statistically significant correlation between recognition practices and commitment. So we can accept H1 and reject H0

Table 11: Hypothesis Summary

Hypothesis No.	Hypothesis	Terms of reference	Result	Interpretation	Implication
Ho1	There is no significant relationship between Job design and commitment of employees in the organization	Job Design	Hypothesis rejected	There is significant relationship between job design and commitment	Provide a clear understanding regarding the duties and responsibilities. Need to focus on assigning the job according to qualification and skills
Ho2	There is no significant relationship between selection and commitment of employees in the organization	Selection practices	Hypothesis rejected	There is significant relationship between selection practices and commitment	Need to identify specific competencies required for the position and hire accordingly
Ho3	There is no significant relationship between training and development Commitment of employees in the organization	Training & Development	Hypothesis rejected	There is significant relationship between training & development and commitment	Need to provide adequate training and development programmes for grooming performers in to leadership positions
Ho4	There is no significant relationship between empowerment and commitment of employees in the organization	Empowerment	Hypothesis rejected	There is significant relationship between empowerment and commitment	Need to adopt empowerment practices as it leads to increased responsiveness to organizational issues and problems.

Ho5	There is no significant relationship between information sharing and commitment of employees in the organization	Information sharing	Hypothesis rejected	There is significant relationship between information sharing and commitment	Need to build a healthy environment in which employees gain self-confidence, recognition of their ideas, and a feeling of control over what they are doing; this would lead to mutual respect, which positively impacts the employees' level of commitment
Ho6	There is no significant relationship between performance management and commitment of employees in the organization	Performance management	Hypothesis rejected	There is significant relationship between performance management and commitment	Need to set goals jointly, continuously review progress and communicate frequently, give feedback and implement employee development programmes and reward achievements
Ho7	There is no significant relationship between compensation management and commitment of employees in the organization	Compensation management	Hypothesis rejected	There is significant relationship between compensation management and commitment	Need to quantify the employee's contribution in a proper manner in order to get the best out of the employee. Inclusion of variable pay, the use of Employee Stock Options etc are few measures that may be implemented.
Ho8	There is no significant relationship between career development and commitment of employees in the organization	Career development	Hypothesis rejected	There is significant relationship between career development and commitment	Need to have a fair idea about employee's strengths and weaknesses, attitude and behaviour, values and future aspirations, skills and competencies of employees to put them at the right place.
Ho9	There is no significant relationship between work environment and commitment of employees in the organization	Work environment	Hypothesis rejected	There is significant relationship between work environment and commitment	Need to provide a healthy psychological work environment. There is a balance between the demands made on the employee and the resources and skills he or she possesses to meet what is required. If there is imbalance, there is an increased risk of stress, conflict, dissatisfaction, more sick leave, etc.
Ho10	There is no significant relationship between recognition practices and commitment of employees in the organization	Recognition practices	Hypothesis rejected	There is significant relationship between recognition practices and commitment	Need to provide positive feedback, praise, appreciation, for a job well done which is imperative to generate job satisfaction and commitment.

Regression

Table 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916 ^a	.839	.804	.16518

a. Predictors: (Constant), Recognition practices, Job design, Work environment, Compensation management, Career Development, Training and Development, Performance management, Information sharing, Selection, Empowerment

The coefficient of determination is 0.839; therefore, about 83.9% of the change in the commitment is explained by job design, selection, training and development, performance management, information sharing, empowerment, compensation management, career development, work environment and recognition practices.

Table 13: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.414	1	.641	5.00	.00
Residual	1.228	4	.027		
Total	7.642	5			

a. Dependent Variable: Commitment

b. Predictors: (Constant), Recognition practices, Job design, Work environment, Compensation management, Career Development, Training and Development, Performance management, Information sharing, Selection, Empowerment

This shows the p-value (—sig) for —significance) of the predictor's (job design, selection, training and development, empowerment, information sharing, performance management, compensation management, career development, work environment, recognition practices.) effect on the criterion variable (commitment). P-value is .000 which is less than .05 are generally considered it is statistically significant.

Table 14: Coefficients

Model	Un-standardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	-1.133	.348		-3.252	.002
Job design	-.346	.123	-.419	-2.805	.007
Selection	.795	.145	.907	5.492	.000
Training and Development	-.203	.086	-.278	-2.353	.023
Empowerment	.478	.121	.651	3.938	.000
Information sharing	-.299	.103	-.379	-2.894	.006
Performance management	-.565	.218	-.436	-2.587	.013
Compensation management	.481	.085	.581	5.653	.000
Career Development	.268	.103	.249	2.611	.012
Work environment	1.111	.137	.906	8.109	.000
Recognition practices	-.464	.122	-.606	-3.816	.000

a. Dependent Variable: Commitment

The Coefficients table provides us with the necessary information to understand the impact of HR variables on commitment. The contributions of these variables to organisational commitment are explained. job design (41.9%), selection (90.7%), training and development (27.8%), empowerment (65.1%) information sharing (37.9%)

performance management (43.6%), compensation management (58.1%), career development (24.9%), work environment (90.6%), recognition practices (60.6%) .

Limitation & Implications of the Study:

The first objective of the study was to find whether there exists any relationship between talent management variables and organisational commitment. We hypothesized that the following practices were related to organizational commitment: (1) job design (2) selection (3) training and development (4) empowerment (5) information sharing (6) performance management (7) compensation management (8) career development (9) work environment (10) recognition practices. The affective component of organizational commitment of employees depends on the selection practices, work environment and recognition practices. Results also support the hypothesis that compensation management practices are positively related to commitment.

Information sharing practices include all organizational practices implemented to transmit and receive information, and therefore to support decision-making. We found that the information sharing practices are more likely to significantly increase the emotional attachment of employees to the organization (affective commitment). Many companies would worry about sharing critical information (employees are regularly informed of financial results) with their employees because of the possibility of losing control of them (Pfeffer & Veiga, 1999).

The study is definitely not without limitations. As the sample was small, generalizations regarding employees in the entire IT sector are not possible. Future studies may look into the various types of BPO/ITES organizations. In the study we have chosen ten variables for study. More studies may be carried out taking more variables in to consideration that directly are associated with managing talents which could better explain the causal relationship between talent management practices and organizational commitment.

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