

TALENT MANAGEMENT PRACTICES, EMPLOYEES ENGAGEMENT AND EMPLOYEES CREATIVITY

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ABSTRACT

In today's world, Non-Governmental Organizations (NGOs) are largely contributing to the social and economic development of communities. Organizations are trying to incorporate creativity and innovation in their ways of doing business so that their goals can be achieved successfully. It is imperative to find out what factors contribute to employees' creativity and how it can be utilized for the successful operations of the organizations. Thus, the main purpose of the current study is to investigate the impact of talent management practices on employee creativity. Moreover, the mediation effect of employee engagement has also been adopted to further highlight more rigorous outcomes. Structured questionnaires from previous literature were adopted to collect the primary data. Applying non-probability convenience sampling technique, data was collected from officer rank employees (N=80) working in NGO in different sectors. Descriptive statistics, correlation analysis and regression analysis were carried out to test theoretical model. Mediation analysis was performed through bootstrapping method to find out its effect on both independent and dependent variables. Results indicate that talent management has significant impact on employee engagement and employee creativity. Moreover, result indicated that employee engagement mediates the relation between talent management and employee creativity.

Keywords: Talent management, employee engagement, employee creativity, Non-Governmental Organizations (NGOs)

INTRODUCTION

Organizations are trying to incorporate creativity and innovation in their ways of doing business so that their goals can be achieved successfully. Innovation is very critical for organizations in achieving competitive advantage over their competitors (Noefer et al., 2009). Without creativity and innovation, the achievement of sustainable growth is not possible. Thus, it is necessary that organizations favor creative ideas of their employees and support them in their realization (Anderson, Potocnik & Zhou, 2014). Organizations need to take a number of initiatives in order to become creative at all levels. Various concepts have been studied to highlight different factor that contribute towards employee creativity. The concepts of Talent Management (TM), Employee Engagement (EE) and Employee Creativity (EC) have been widely studied in past ten years by many researchers (Lewis & Heckman, 2006; Scullion, Collings & Caligiuri, 2010; Saks & Gruman, 2014; Ambile, 1997; Shalley & Gilson, 2004; Eriz & Nouri, 2010). Both, Practitioners and academic researchers took great interest in all these concepts. Therefor various studies have been carried out to study each of these concepts and to study their relationship with organizational performance and as a tool for getting competitive advantage over the competitors for many organizations (Zareen, Razzaq, & Ramzan, 2013).

The present study is aimed at exploring the concepts of talent management, employee engagement and employee creativity by researching the relationship among talent management and employee creativity and employee engagement as mediating the impact of TM on EC.

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The study has been conducted to explore and contribute to the academic literature in the field of innovation and creativity. First it enhances the understanding about the relationship between talent management practices, employee engagement and employee creativity and second it tries to provide the empirical evidence which shows the impact of talent management practices on employee engagement and employee creativity.

Talent Management

Since 1990s the term TM has been used most frequently in research studies. TM received attention of researcher and practitioners after the phrase “the war for talent” was introduced. Globalization made the market highly competitive which required the companies to attract high potential talent that would contribute towards the realization of business objectives in the long run (Koranteng, 2014). Due to fierce competition countries also started to attract talent from other countries. Companies started using outside hiring which, on the one hand gave a feeling to their internal staff that they are not valued and on the other hand resulted in high costs for these companies (Chintaloo & Mahadeo, 2013). As a result internal staff started to quit with their concerned organizations these internal staff also included some of their best staff members who used to make great contributions. To address these issue, companies started developing strategies for staff retention and to manage them in the best possible way (Fakhr, 2013). TM can be defined as a process through which organizations attract, retain, motivate and develop people it need to carry out its business activities successfully (Cappelli, 2008). In HRM, talent management can play the role of a planning tool because TM is a systematic process through which talent is attracted, identified, developed and engaged as it is this talent that critically contribute in business processes (McCartency, 2006; Cappeli, 2008).

Talent Attraction

Talent attraction activities include recruiting and selecting, employer branding, employees' value proposition, and employer of choice like things.

In order to have highly engaged employee organizations begin with selecting the best employees. When employees feel comfortable on their jobs they show highly engaged behavior. Employer branding is also used as attraction tool for talent. Organization that developed a good employment brand and have good reputation, it will succeed in developing a pool of talented employees. Companies use this employment brand to reach potential talent in different schools, colleges and universities (Tuker & Williams, 2011). Recruitment of a talent pool is the first task of organizational talent management strategy. In order to attract best individual for specific positions, employer branding proved to be a useful strategy (Iyria, 2013).

Employee's value proposition is the perception about the value of the hiring company. This value proposition may consist of working environment, training and development opportunities, reputation of the organization, and the nature of the job etc. (Oehley, 2007).

Talent Development

This element of talent management program is considered to be most important as it is focused on improving the skills of the talent pool and meet individual as well as organizational needs. Organizations implement Talent Management strategies using planned and unplanned methods. Investing largely in the development of the talent pool, help organization achieve a competitive edge

over the competitors in the shape of highly talented performers (Egerová, 2013, Tony, et al., 2007).

Talent Retention

Talent retention is of utmost importance in today's competitive environment. Best practice organizations focus too much on their talent retention strategy for two reasons, first, turnover proved to be more expensive and second, top performers of an organization contribute largely in the better performance of the organization. Seminal, in the "War for Talent" explored that high performers can outperform average performers by a large scale. An organization design its talent retention strategy in order to encourage employees to stay with the organization for a longer period of time and also because talent turnover in lower level of productivity and incurrence of high attraction costs for new employees (Eshiteti, 2013).

Employee Engagement

Employee engagement has turn out to be most significant in the field of management, because it facilitates the organization to gain competitive advantage. Top research organizations such as Gallup and Towers Watson advised on the basis of their studies that companies which rank high in employee engagement earn better profit as compared to companies having employees with lower engagement level. The employees, who are engaged, are often loyal, innovative and creative and customer oriented (Cheboi, 2014). They have an intent to stay with the company for longer period of time. Also, they are the people who try to go extra mile in-order to achieve organizational goals and objectives (Iddagoda, et al., 2015). Engaged employees are observed to outperform disengaged employees in their respective organizations. However, research in many countries has revealed that the percentage of disengaged employees is greater than engaged employees. Employees' engagement can be used as a tool by organizations to make a difference to the way they do things.

Saks (2006) argued that a theoretical basis of employee engagement can be found from Social Exchange Theory (SET). According to SET when two parties are interdependent on each other in their work, this interdependence will lead to a number of obligations through a series of interactions. As long as these parties are bounded to each other by certain rules, there will be evolution of trust, loyalty and mutual commitment. For example, when employees feel that their management is supportive, they will repay the organization by contributing extra efforts towards achieving organizational objectives. This is parallel to the definition of engagement given by Robinson et al. (2004) as a two way relation between employee and employer.

Employee Creativity

To remain competitive, organizations must provide employees with opportunities so that they can remain involved in their work and can produce innovative and appropriate ideas, products and processes (Shalley & Gilson, 2004). Most successful organizations are those which have many creative employees and who work in teams. While working in a team these employees share different knowledge, skills, experiences and expertise. This collective working of the creative employees, make it easy for the organization to face different challenges from both internal as well as external environment.

Nair and Gopal (2010) stated that creativity is the mental ability of individuals to produce new and useful ideas individually or in groups and hence enabling the organization to survive in the long run

and stay ahead of the competitors. Main aim of creative initiatives is to provide organization with best solutions and to improve overall organizational performance. Unsworth, (2003) defines innovation as getting engaged in practices which are designed to produce and implement new ideas, products, services and processes. This definition makes it clear that creativity in organizations comes first and is followed by innovation. Creativity is defined as the generation of ideas which are new and useful (Amabile, 1988; Oldham & Cummings, 1996; Scott & Bruce, 1994). Most of the studies has given the definition of creativity as an outcome, concentrating on the generation of new and useful ideas regarding products, services, processes, and procedures (Amabile, 1996; Ford, 1996; Oldham & Cummings, 1996; Shalley, 1991; Zhou, 1998). Anderson, et al. (2014) defined creativity and innovation as “processes and products which result from the endeavors to present new and better ways of getting things done. The creativity denotes idea generation, while innovation is the implementation of ideas.

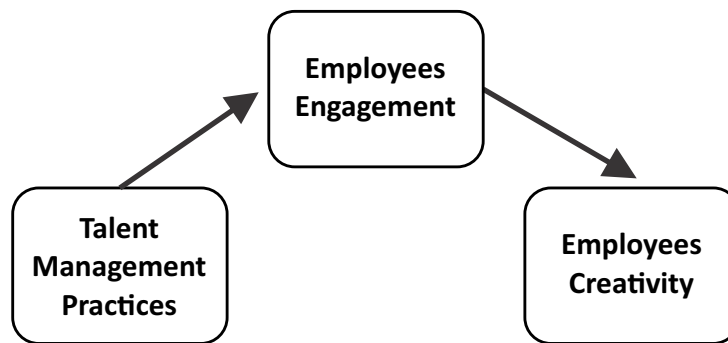


Figure 1: Conceptual Framework

The current study is targeted towards employees working in Non-Governmental Organizations (NGOs) sector in Pakistan. The population for this study is consisted of employees working in NGOs sector in Khyber Pakhtunkhwa (KPK) Province. These NGOs work in different sectors and work for the betterment of all those sector for community's well-being. These sectors include for example, education, health, livelihoods, Water, Sanitation, and Disaster Risk Reduction etc.

METHODOLOGY

Three NGOs working in district Mardan are selected as members of our sample. These NGOs are:

- National Commission for Human Development
- Integrated Rural Support Program
- Human Development Foundation
- Pak Women

The type of questionnaire selected for data collection depends on the nature and the need of the study. Type of questionnaire used for this study is structured questionnaire. Data regarding Talent Management is collected through structured questionnaire developed by Bernsen, Segers, and Tillema, (2009) cited in Bahizi, (2009) in “The case for National Water and Sewerage Corporation” which contains questions related to all the three aspects of TM we are going to focus on in our study. For measuring Employee Engagement 12 workplace audit statements provided by Coffman, & Harter, (1997) in Gallup Workplace Audit Review is used since it is considered an appropriate

measure of level of employee engagement.

The four items by Hon (2012) and the three-item on employee creativity measure by Oldham and Cumings, (1996) modified by Gichohi, P. M. (2014) for their study on “the role of employee engagement in revitalizing creativity and innovation at the workplace” was used to measure the employee creativity.

DATA ANALYSIS

Reliability

Cronbach's alpha coefficient was used to check the reliability of the data collection instrument. As shown in the above table, Cronbach Alpha value for TM is .811; for EC is .706 and for EE it is .687. These values show that the instrument used for carrying out this study was consistent and reliable. The demographics of the study are as follow.

Gender				
Male	56	70	70	70
Female	24	30	30	100
Age of the respondents				
26-35 YEARS	58	72.5	72.5	72.5
36-45 YEARS	22	27.5	27.5	100.0
Education of the respondents				
14 YEARS	2	2.5	2.5	2.5
16 YEARS	63	78.8	78.8	81.3
18 YEARS	15	18.8	18.8	100
Experience of the respondents				
BELOW 2 YEARS	29	36.3	36.3	36.3
2 – 5	36	45	45	81.3
5 – 10	13	16.3	16.3	97.5
10+	2	2.5	2.5	100
Marital Status of the respondents				
SINGLE	54	67.5	67.5	67.5
MARRIED	26	32.5	32.5	100
Organization of the Respondent				
NCHD	26	32.5	32.5	32.5
HDF	13	16.3	16.3	48.8
PAK WOMEN	21	26.3	26.3	75
IRSP	20	25	25	100

CORRELATION

Table 2: Correlation

	TM	EE	EC
TM Practices	1		
EE	.57**	1	
EC	.49**	.60**	1

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

Talent Management Practices and Employee Creativity:

Talent management practices had a positive correlation with employee creativity ($r=.496, p=.00$). Talent management had a significant relationship with employee creativity ($p=.00$). It can therefore be stated that improved talent management practices lead to employee creativity within an organization.

Talent Management Practices and Employee Engagement:

Talent management practices has a significant relationship with employee engagement ($p=.00$). This therefore implies that when an organization manage its talent in best possible way, they will have highly engaged employees

Employee Engagement and Employee Creativity:

Employee engagement showed a positive correlation with employee creativity ($r=.60, p=.00$). This means there is significant relationship between employee engagement and employee creativity. It can be argued that when in an organization, employees are engaged they will be creative as well.

Regression Analysis:

Regression analysis is a statistical analysis used to describe the nature of relationship between two or more variables. Using regression analysis, the value of dependent variable is estimated on the basis of one or more independent variables.

Table 2: Results of regression Models

EC				
	β	R^2	T	P
TM Practices	0.22	0.39	2.91	.001
EE				
	β	R^2	T	P
TM Practices	0.54	0.32	6.17	.001
EC				
	β	R_2	T	P
	0.48	0.36	4.36	.001
EE				

The table displays the value of R2 (the proportion of variation in the dependent variable explained by the regression model). The value of R2 (0.39) indicates that the model 39% fits the population or in other words the model is able to explain 39% variation in the population. This means that 39 % variation in employee creativity can be attributed to talent management. Beta=.222, $t=2.91, p=.000$ showed that talent management have a significant effect on employee creativity.

As shown in the above table the value of R Square is .32 which indicates that 32% of the variation in employee engagement is explained by talent management. The value of beta ($\beta=.54$) indicate that there occur 54% % chance of the positive and significant relationship between talent management

and employee engagement.

In the above table the value of R Square (.36) shows that 36% of the variation in employee creativity can be attributed to employee engagement. Beta=.48, $t=4.36$ and $p=.001$ shows that employee engagement has a significant effect on employee creativity.

Mediating Role of Employee Engagement:

Table 3: Direct Effect of Talent Management Practices(X) on Employees Creativity (Y):

Effect	SE	T	P	LLCI	ULCI
.22	.10	2.05	.03	.01	.43

Table 4: Indirect Effect of X on Y:

Effect	BOOT SE	BOOT LLCI	BOOT ULCI
.26	.06	.15	.39

Preacher and Hayes (2013) bootstrapping method was applied to check the mediating effect. First it was found that talent management was positively associated with employee creativity ($\beta=.22$, $t=2.05$, $p=.001$). It was also found that talent management was positively associated with employee engagement ($\beta=.54$, $t=6.17$, $p=.001$). Lastly results indicated that the mediation of employee engagement was positively associated with employee creativity ($\beta=.48$, $t=4.36$, $p=.001$) because both the relation between talent management and employee engagement and employee engagement and employee creativity were significant. Mediation analysis were tested using bootstrapping method with bias corrected confidence estimates. In the present study 95% confidence interval of the indirect effect was obtained with 5000 bootstrap resamples. Results of the mediation analysis confirmed the mediating role of employee engagement in relation between talent management and employee creativity ($\beta=.265$, $CI=.15$ to $.39$). In addition, results indicated that the direct effect of talent management on employee creativity becomes partially significant ($\beta=.22$, $t=2.05$, $p=.03$) when controlling for employee engagement thus suggesting the role of employee engagement as of mediator in the relation. The difference between LLCI and ULCI does not contain zero ($ULCI=0.39$, $LLCI=0.15$), thus, provides support for the hypothesis that employee engagement mediates the relationship between talent management and employee creativity.

Relationship between Talent Management Practices and Employees Creativity:

Findings of the study revealed that there is a significant relationship between talent management practices and employee creativity. From the findings it can be concluded that for an organization to have creative workforce, best talent management practices should be implemented.

These primary findings are in line with Khoram and Samadi, (2013) who stated in their study that talent management and its three dimensions i.e. structural, behavioral and background talent have a great influence on employees' creativity which leads to organizational creativity.

The Relationship between Employee Engagement and Employees Creativity:

Findings of the study revealed that there exists a significant relationship between employees engagement and employee creativity. It can be concluded from study's findings that engaged employees will perform at a higher level and will show a passion for their work which will lead

to creativity and innovation. Katz, D & Kahn, R (1978) argued that employee engagement leads to innovative behavior and that engaged employees work in collaboration with their colleagues to accomplish greater tasks. Gichohi and Paul, (2014) also stated that employee engagement plays a critical role in promoting creativity and innovation.

Mediating role of Employee Engagement between Talent Management and Employees Creativity:

Results of the study support our hypothesis that there is a significant relationship between talent management and employees' creativity and that employee's engagement mediates the relationship between talent management and employees' creativity. Thus it can be explained from the findings of our study that when employees are provided with satisfactory talent management practices they will show higher engagement level in the job and this higher engagement will in turn leads to higher levels of creativity of these employees.

CONCLUSION AND IMPLICATIONS

The findings of the study provided a new body of knowledge to the field of study of talent management, employee engagement and employees creativity. Talent management, employee engagement, and employee creativity was neglected area of study, thus developing a gap in the knowledge in this field.

Generally, the findings of this study showed that when satisfactory talent management practices are designed and implemented by the organization will foster employees' engagement which ultimately will contribute towards employees' creativity. This study provides new insight into the field of study of talent management, employees engagement, and employees creativity. These three constructs were previously neglected areas of research. Although studies were conducted focusing one or two of our study variables but the need to identify the relationship between talent management and employee creativity, with a mediating role on employees engagement was still to be carried out. So, this is arguably the first study which provides useful inputs to the literature on the three constructs and provide researchers with useful knowledge for focusing on these variables in their future studies.

This study also provides practical implications for executives and managers in NGOs sector as well as in other sectors where human capital is manly considered the source of competitive advantage. In today's competitive environment the companies need to be more innovative in order to offer distinct products and services to the customers. As according to Padmasree Warrior, CTO of Cisco, the global technology company, two factors are very important for successful operation in the marketplace: one is the ability to innovate and the other is to introduce these products quickly in the marketplace. She said that talent management is the tool which connect these two factors with each other. For executives and managers to achieve their goals, they must put emphasis on designing better policies and procedures for managing talent. Once they are able to have a robust talent management system, they will also benefit from having highly engaged pool of employees. Engaged employees are ones who are ready to put extra efforts in performing their jobs and in achieving something extraordinary.

This study further provides practitioners with the insight that in order to have organizational creativity and to stay in the market for long run, employees must be highly engaged in their job and in the organization and this can be triggered by implementing best talent management practices.

Recommendations for Future Research:

Future research in the same area is recommended with a focus on gathering more representative sample by extending it geographically. In addition, researchers can study same relation targeting other private and public sector organizations. A cross comparison of NGOs in Pakistan in the context of talent management, its impact on employees' creativity and considering employees' engagement as mediating the relation, is also likely to enhance the understanding of researchers and practitioners.

Further, scholars can also explore the impact of talent management practices on employees' creativity considering some other organizational variable as mediating the relation. Such studies will provide useful information that can increase organizational understanding of other important variables that may affect employees' creativity.

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