Review

Assessment of talent retention strategies: The case of a large South African company (CSA)

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The primary purpose of this study is to investigate the extent to which the key elements of talent management (TM) and employee engagement (EO) are being utilized to retain employees at a large South African Company (herein-often referred to as CSA). Skills shortages have become a feature of the South African business environment. As such competition to attract human capital in the form of talented individuals and the ability to retain them have become a major competitive consideration even when compared to other competitive dimensions such as capital, strategy and even research and development. Although the South African Company (CSA), is committed on paper to appointing, developing and retaining talented employees it is unclear as to how successful this strategy is, given the high turnover rates. The study therefore seeks to assess the extent to which talent management as a competitive device is being implemented successfully. Much of the available literature has concentrated on the key strategies that lead to talent management and employees retention in countries and settings that are outside Africa. The lack of scholarly investigation of this phenomenon in Africa where the reality of brain drain is constantly being published, suggests that there is an important lacuna with respect to the African setting and in particular post-apartheid South Africa which has witnessed significant brain drain. There is therefore an important need for such a study in order to inform the African context and specifically the South African environment. The study applies an adapted Gallup Workplace Audit (or GWA) developed by Kahns (1990) and refined by Bhatnagar (2007). The GWA dimensions consist of 12 areas covering retention of employees, business unit productivity, profitability and customer loyalty (Buckingham and Coffman, 1999). It is argued that managers need to attend to these key dimensions in order to ensure better talent management practices. The study undertakes a de-constructivist approach, which entails the use of quantitative research techniques in the form of structured questionnaires based on the Gallup Workplace Audit (GWA). The study utilises a descriptive design in order to ascertain the extent of employee engagement in the case of SA. The study sampled a number of managers and employees at SA to ascertain the extent to which these samples agree that talent management is practiced in this organization. The main finding is that despite CSA's commitment to retaining talent, this study finds that these employee engagement strategies in a few important instances may only be partially realised.

Key words: Employee engagement, talent management, employee retention, gallup workplace audit (GWA), South Africa.

INTRODUCTION

Skills shortages have become a feature of many African countries including the South African business environment. As such, competition to attract and retain human capital in the form of talented individuals and the ability to retain them have become a major competitive consi-deration even when compared to other competitive dimensions such as capital, strategy and even research

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and development. It is becoming clear that as competition for critical talent heats up, organizations must somehow rethink the strategies they take to retain and attract talent. According to writers in the field of talent management (TM) such as Berge (2004), an organization needs to follow a number of steps to create a talent management system. First, is the identification of important segments of the workforce that drive current and future growth referred to as super-keepers. Then, the organization needs to focus on the issues that employees care about most. This could then be followed by individual development in a way that stretches individual capabilities, such as deployment into work that engages their minds and hearts, and connects them with the people who will help them achieve their objectives.

According to Morton (2005), this is possible through the development of a talent mindset, developing deep pockets and pools of talent, and differentiating between star performers in terms of performance and potential. Besides these points, creating lynchpin positions and rewarding them through continuous learning stretch targets is another strategy to develop talent (Cappelli, 2009; Morton, 2005). Despite knowledge of these types of strategies as discussed, many organizations are failing to put in place the kind of human capital development and retention strategies that will bear appropriate outcomes. The main purpose of this study therefore, is to investigate the extent to which the key elements of talent management and employee engagement are being utilized to retain employees.

LITERATURE REVIEW

Much of the available literature has concentrated on understanding the concepts that explain talent retention. This is true perhaps because, high on the list of priorities for most organizations across the world is the notion of how to practice effective talent management. For example, numerous authors including Glen (2006); Bhatnagar (2007); Wilson (2008), have published scholarly articles on the subject of how to manage talent. In keeping with this focus, Stockley (2007) defines talent management as the conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs. Talent management is concerned with the recruitment, selection, identification, retention, management, and development of personnel considered having the potential for high performance (Bnet Business Dictionary, 2007; Cappelli, 2009).

In the TM context, talent refers to those people who have high potential, scarce knowledge and skill or who can successfully lead transformation and change in the organization (De Kock, 2005). A company's talent is embodied in the people whose talent and experience create the products and services that are the reason

customers come to it and not to a competitor (Stewart, 1998). Such individuals are usually sought after in the market and their contributions to the business add direct value to its strategic or competitive positioning.

The purpose of TM thus, is to ensure that the supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives (Duttagupta, 2007). This is a view supported by other authorities such as Stockley (2007) who presents a number of pre-conditions for an effective TM approach. These include strategies and processes that ensure effective recruitment, retention, employee development, leadership development, performance management, workforce planning and organizational culture.

It is argued that by integrating all of the processes, in the context of talent management than an organization would be better placed to understand their strategic relationship and synergies, and increases the overall value of these separate functions. This integrated approach optimises the organization's financial investment in, and knowledge of, its people and their skills. It also ensures that decisions about recruiting, selection, promotion, and staffing are made with the best information and maximizing the speed and effectiveness of these decisions.

RELATIONSHIP WITH EMPLOYEE ENGAGEMENT

The notion of TM finds its roots and surrogacy in the concept of employee engagement which has a strong practitioner influence and therefore, sparse academic studies exist in this area (Bhatnagar, 2007). The idea behind employee engagement is to build a fierce employer brand equity (Fitz-enz, 1997), and clearly one way to do that is to retain employees. This would be possible if organizations provide them with a passion to work, and an engrossing environment which maximizes their performance and gives a continuous work experience that is difficult for competitors to replicate. Obviously managers are an important key in this equation (Baumruk et al., 2006). The resource-based view argues that human and organizational resources, more than physical, technical or financial resources, are able to provide a firm with sustained competitive advantage because they are particularly difficult to copy (Lado and Wilson, 1994). However, this may only be possible if value is created in a way that is unique and difficult for competitors to replicate (Foss, 1997).

According to Bhatnagar (2007), perhaps the most essential dynamics of the concepts of employee engagement involve overlapping constructs of organizational commitment, intrinsic motivation, and employee involvement, passion and dedication to work. In other words employee engagement is a multidimensional construct consisting of emotional and cognitive engagement.

MEASURES OF TALENT MANAGEMENT (TM)/ EMPLOYEE ENGAGEMENT (EO)

Kahn's (1990) and later work by Luthans and Peterson (2002) on personal engagement provided a convergent theory for Gallup's empirically derived employee engagement. Essentially they proposed that employees can be engaged emotionally and cognitively. The former by forming meaningful connections to others (for example, peers and co-workers) and latter becoming acutely aware of their mission and role in their work environment. Furthermore, according to Kahn (1990) employees can be engaged on one dimension and not the other. However, the more engaged the employee is on each dimension, the higher his or her overall personal engagement. The basic conceptualisation of employee engagement as proposed by Kahn (1990, 1992) and which seeks to measure the way talent is managed through employee engagement and by applying the Gallup workplace audit, consists of 12 questions, such as:

(a) Do I know what is expected of me at work?
(b) At work do I have opportunity to do what I do best every day? (Buckingham and Coffman, 1999; Bhatnagar, 2007).

According to Bhatnagar (2007) the 12 questions were derived through thousands of focus groups conducted across 2,500 business, healthcare and education units and distilled using both factor-analysis and confirmatory factor analyses techniques. By conceptually comparing the Gallup workplace audit (Buckingham and Coffman, 1999) with Kahn's (1990) theoretically derived dimensions of engagement, a conceptual fit emerged, which established a theoretical grounding for better understanding of employee engagement and therefore, management of talent.

COMPANY SOUTH AFRICAN (CSA)

As discussed earlier, much of the available literature has concentrated on understanding the concepts that explain talent retention. Many of these studies have focused their attention on examining the key strategies that lead to the implementation of talent management and employee retention within organizations. However, fewer studies have assessed these concepts in the context of settings that are outside of Europe, the Americas and Asia. The primary purpose of this study therefore, is to investigate the extent to which the key elements of talent management and employee engagement are being utilized to retain employees at one large representative South African company which for the purposes of this article will be referred to as Company South Africa CSA.

Since its inception 14 years ago, Company South Africa (CSA) has transformed a fragmented, infrastructural parastatal into a focused, profitable and commercial enterprise. CSA is responsible for operating South Africa's ten principal airports, including the three major international airports at Johannesburg, Cape Town and Durban. The company is focused on creating and operating world-class airports measuring up to international standards. In the 2007 financial year, this network processed a total of 33 million departing and arriving passengers and 236 000 aircraft landings from nearly 50 international destinations, connecting Africa with all other continents. Passengers using CSA's facilities have grown at an average rate of 8% per annum into 2010. The 2010 Soccer World Cup held recently in South Africa, increased the number of passengers using CSA facilities.

Hand in glove with this growth comes the challenge of ensuring that there is sufficient capacity to accommodate this growth. It is not only the infrastructural capacity that CSA must build, but also talent capacity. CSA recognizes that people are keen to achieve strategic objectives and obtaining a competitive advantage. They realise that without the right people in the right jobs their business strategies are likely to fail. As part of its strategy, CSA states that it is committed to appointing, developing and retaining the right people with the right skills in the right jobs. However, this is not an easy goal to achieve as South Africa, and indeed the whole world, is experiencing skills shortages that are leading to fierce competition for talent. This scenario places tremendous pressure on CSA and indeed every competitive organization, to not only attract new talent but to also develop and retain the talent they already have. Although CSA is committed at least on paper appointing, developing and retaining talented employees it is unclear as to how successful this strategy is, given the high turnover rates. The study therefore, seeks to assess the extent to which talent management as a competitive device is being implemented successfully at CSA.

RESEARCH DESIGN, METHOD AND DATA COLLECTION

The study utilises a descriptive design in order to ascertain the extent of employee engagement in CSA. Utilizing a positivistic approach and subsequent quantitative techniques, the study sampled a number of managers and employees at CSA with the view of ascertaining the extent to which these samples agree that talent management is practiced in CSA. The study utilised a deconstructivist approach, which entails the use of quantitative research techniques in the form of structured questionnaires based on the Gallup workplace audit (GWA). The latter audit survey as adapted from the research conducted by Bhatnagar (2007) it was used to collect primary data from within the target population. Of these 65 randomly selected CSA employees provided

useful data for the study. In addition interviews based on set investigative questions were conducted with 25 mangers. All ethical considerations were complied with in the study.

FINDINGS AND CONCLUSIONS

The main finding is that despite CSA's commitment to retaining talent, this study finds that the employee engagement strategies being applied at least in a few important instances may only be partially realised. Whereas, overall CSA managers responded very positively to talent management questions relating to issues such as, creating tools/processes for talent conversations, developing competency frameworks, determining workforce vulnerabilities and identifying critical jobs, it was concerning that very few mangers actually made the effort to structure ways for the CEO to be visibly involved in TM processes directly with staff. Similarly CSA is rated quite favourably by its employees on a number of key TM issues such as, work expectations are clear, tools of trade area available, there is someone at work who encourages their development, fellow employees are committed to doing quality work, there are opportunities to grow, and there is someone to talk to about their career progress. However, there is concern when the majority of employee respondents make important claims such as the mission/purpose of the company does not make them feel their job is important, or their opinions do not seem to count, or the supervisor does not seem to care about them as persons and not receiving recognition or praise for doing good work. These concerns are important as they reveal weaknesses at the core of the strategy and effort to implement talent management and employee engagement at CSA.

From an academic and theoretical point of view some of the main findings are important since they corroborate previous research in the area. Firstly, that undertaken by Drafke and Kossen (2002) which found that employees rate having opportunities to learn and grow at work as one of the most important factors for employee satisfaction, employee retention and employee engagement. Secondly, research by Butler and Waldroop (1999) which indicated that the top four factors for employee engagement are: exciting work/challenge, career growth/ learning, relationships/working with great people; and supportive management/great boss. Finally, research

undertaken by other researchers like Buckingham and Coffman (1999) and Lawler (1996) which indicated that effective organizations are those that empower and engage their people, build their organization around teams, and develop human competence at all levels. Finally, this study is important as it sheds light and presents important clues on the practices and successes of TM and EO practices in an Organization in Africa.

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