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A Qualitative Study on Talent Management Strategies in State-Owned Enterprises

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ABSTRACT

The purpose of the study is to identify the employee retention strategies currently used in state-owned enterprises and their effectiveness in retaining employees. State-owned enterprises (SOEs) are increasingly concerned about employee retention due to skills shortages and labor turnover, which affect productivity. This has prompted this study to examine the talent management strategies used by state-owned enterprises since salaries seem to be low and unable to attract a skilled workforce. The study used qualitative research, and semi-structured interviews were administered to obtain data from Human Resource practitioners and departmental supervisors in a South African state-owned enterprise. The study found that employee wellness, more leave days, employee development, and permanent contracts are the main retention strategies used to improve employee satisfaction in public sector organizations. This study highlights the relevance of talent management strategies in achieving competitive advantage in public sector organizations.

INTRODUCTION

In today's world, using traditional approaches is not enough for companies to obtain competitive advantage. Companies are concentrating on their human resources to achieve and sustain competitive advantage. According to Mahjoub et al (2018), talent management is an important tool for organizations to achieve a competitive edge. This study is rooted in innovative Human Resource Management (HRM) approaches such as flexitime, alternative workplace, talent management, and job rotation. These innovative approaches to HRM are creating several new challenges for HRM as to how an organization can meet the career expectations of employees who expect rapid promotion and how to build an organizational culture in which employees feel satisfied and empowered (Grobler et al., 2012). Lui, Rong & Ko (2018) reported that 'implementing Human Resource Management roles improves employees' ability to perform job-related tasks and influences their perceptions of the firm, which affects their behavior. This study focused on state-owned enterprises to examine talent management

approaches in public sector organizations. Little attention has been paid to public sector organizations that seek to pursue not only financial goals but also public and non-profit goals (Xiao and Cooke, 2020). State-owned enterprises (SOEs) are the business entities owned by the government to meet their home countries' socioeconomic objectives or mandates (Saxen & Das, 2021). Innovation in HRM relates to responsiveness and the proactive approach HR professionals use to drive their employee strategies. It speaks to the creative and game-changing initiatives that HRM utilizes to understand, motivate, and direct employee thinking, behavior, and needs (SABPP Fact sheet, 2016).

The talent management concept was provided by the Mackenzie advisers in the year 1997. As a critical aspect of organizational success, talent management has become a significant aspect for organizations (Mahjoub et al., 2018). At the beginning of the twentieth century, organizations discovered that focusing on employee talent is vital to compete in global markets. Therefore identifying,

attracting, developing, and retaining talented individuals is essential for the firm's sustainable growth in competitive and unsustainable markets (Latukha, 2016). Talent Management is a strategic management aspect that addresses the systematic identification of key positions, which are considered a sustainable and competitive advantage of the organization (Mahjoub et al., 2018). Talent Management has five main elements which are talent definition, career orientation, talent development programs content, talent management approach, and talent selection process (Festing, 2015).

Organizations are increasingly dependent on a committed workforce to achieve a competitive advantage and understand the nature, development, and implications of employee commitment (Meyer and Parfyonova 2010). Historical surveys show that individuals with spirituality and religious beliefs have a higher organizational commitment, motivation, and inner self-esteem than others (Jones, 2016). Organizations have implemented various innovative strategies to achieve employee commitment. The field of human resource management (HRM) has seen an ascendancy in the past two decades. It all began with personnel management which grew into HRM and strategic human resource management (SHRM) later. Traditional HRM focuses on individual performance while SHRM targets organizational performance. In fact, SHRM looks at HRM systems (Jia, Jiao, & Han, 2021) as a business solution rather than HRM practices in silo. SHRM is all about building a competitive advantage through the creation of a SHRM model that strategically links the firm's HR architecture and firm performance. A firm's HR architecture is made up of its system, practices, competencies, and employee performance that reflect the management and development of the firm's strategic human capital. Strategic human capital development directs SHRM to the ever-growing and popular term 'talent management'. (Knies, Boselie, Gould-Williams, & Vandenabeele, 2015; Russo, Moeller, and Liesch, 2021). The study therefore aimed to examine Talent Management strategies used in state-owned enterprises in the context of employee satisfaction.

METHODS

The study applied a qualitative method and used semi-structured interviews for data collection. A case study of a state-owned enterprise situated in Johannesburg was used. Twenty-four individuals were purposively selected from human resource professionals and supervisors in technical and support services such as finance, pyrometallurgy, auditing, communication, etc. The purposive sampling technique allows the scholars to assertively select elements to use in the study (Du Plooy-Cilliers, Davis, and Bezuidenhout, 2014). In terms of data analysis, thematic analysis was applied as it provides a complete and detailed account of data (Braun & Clarke, 2006). Furthermore, NVivo was used for data coding.

RESULTS AND DISCUSSION

Study and training benefits

The organization seems to really appreciate employees furthering their studies, which becomes their effective strategy for employee retention. They encourage employees to further their studies to the best they can, as indicated by the respondents below. This implies that the entity is a learning organization that reacts to new environmental changes through employee training and development. According to Kaliannan et al. (2023), inclusive talent development (i.e., career development via training for all employees regardless of individual performance) can complement management for employee retention. In addition, this helps in the multiskilling of employees, facilitating easy promotions and transfers within the organization. Schuler et al. (2011) state that the success of firms today is dependent on how effectively they manage talent, identify challenges and adapt to changes as they evolve and develop. This helps organizations to get the right skills in the right place and at the right time (Thunnissen et al., 2013). Furthermore, employee multiskilling reduces boredom and improves productivity. The following respondents confirm the availability of training and development as a retention strategy:

A respondent noted that: *They sponsor for our studies. You can do a post degree like masters but if your program is for 2 years, you then have to work for 2 years after attaining the qualification. This*

company values academic qualifications because this is a research company.

Another respondent noted that: *The company supports education better than other companies outside. They provide free education for employees to further their studies. We can go to school full-time. For example, our engineer is at school full time, he has been away for 2 years now, doing personal studies.* Another respondent noted that: *Here we get bursaries to study which motivates other people to learn but you have to work for the company for the years that you would have spent doing the studies.*

More Leave Days

Many responses supported the fact that the organization provided a significant number of leave days. The study revealed that the organization is too generous regarding leave days, which is a reactive strategy for low salaries. Generous leave seems to be a compensatory benefit of employee retention since many employees highlighted that salaries offered by the organization are still low and not motivating. Literature affirms that employers of labor have realized that for their organization to compete and be successful, the performance of their employees is very important (Dobre, 2013; Salah, 2016). Hence, several mechanisms to ensure that optimum job performance is achieved should be put in place (Omotunde & Alegbeleye, 2021). The organization is being innovative by responding to the weakness of offering low salaries to employees. The SABPP Fact sheet (2016) indicates that innovation in HRM relates to the responsiveness and the proactive approach HR professionals use to drive their employee strategies. The following responses confirm the generous leave days:

A response noted that: *We are very generous in terms of leave days. We have a few more days than other companies out there.* Another response noted that: *Here our leave days are quite generous. We have more leave days which range from 29 to 32 days a year depending on the job grade. That's the biggest benefit we have here.*

Another response noted that: *We have a very generous leave of 60 days in a 3-year cycle. We have 30 days of normal leave whilst other firms give 10 to 12 days. We have special leave and paternity leave of 10 days. Females are getting 4 months of maternity leave with full salary. Maternity leave can be extended to 1 or 2 months but without a*

salary. Study leave we get about 10 to 15 days a year and salaries are low, and leave days make up for that.

Employee Wellness Programs (Clinic, Canteen, and Counselling)

In terms of employee wellness, staff is cared for by providing clinic and canteen facilities. This helps employees to avoid costs associated with food and medicals. Furthermore, this helps to minimize the effects of hazardous chemicals and high temperatures experienced in technical divisions. Talent management is a logical process that describes dynamic interaction between many functions and processes. In other words, some practices must be in place for managing talents sequentially. This includes leveraging talent through motivation and caring for talent through personal wellness (Moza et al. 2020; Thunnissen et al., 2013). This appears to be an innovative strategy for employee retention, that is not common in many organizations, providing a competitive advantage. The following respondent confirms the same:

A response noted that: *The company has got a clinic for the employees which is one of the benefits.* Another response noted that: *We have a clinic which is under HR where people get treatment.* Another response noted that: *..... and our canteen is subsidized.*

Another response noted that: *So, they have a lot of employee wellness programs where they tend to organize some kind of wellness programs, but I haven't used that one so much. They also provide counseling for employees.* Another response noted that: *The other part is the employee assistant program that is if employees feel that they are stressed or anything which affects their productivity can be assisted.*

Staff Permanency

The Human Resource department provides opportunities for permanent employment for those who join the organization as graduate trainees and show potential for career development. This implies that the organization believes in talent acquisition and talent retention. Graduate trainees are given the opportunity to understand the organizational culture and systems before being invited for job opportunities. Organizations should reimagine talent management by targeting recruitment toward former employees, supporting internal job boards, explicitly celebrating employee movement, and

prioritizing career transitions (Makarius et al., 2023). Targeting former talent or alumni is becoming an increasingly important talent acquisition strategy (Paluch, 2022). Furthermore, this creates organizational citizenship behavior. It is this behavior that translates into the actual performance needed to actualize the goals and objectives of the organization. Such a behavior can be achieved through advocating and embracing the whole idea of talent management among organizational personnel (Omotunde & Alegbeleye, 2021). However, this seems to be an old approach to retaining talent used by traditional companies. Nevertheless, with the changes in the environment and economic hardships that have affected organizational performance in this century, permanent contracts reappeared as an employee retention strategy as it is now difficult for companies to maintain staff. Today's workforce expects their employers to support their careers and provide opportunities even beyond the boundaries of the workplace (Fugate et al., 2021). The following responses confirm the availability of a permanent contract for internship programs:

A response noted that: *We bring outside learners who require experience in their different disciplines. They work here and gain experience and maybe when we see potential in one of them in some cases, we do take them permanently.* Another response noted that: *We also have the function of creating a pipeline for the company so in this case we mean internship programs where eventually the company can say this candidate was a good one and we would like to consider for a permanent role.*

Employee Engagement

There are also engagement platforms facilitated by HRM in the organization. Data revealed that there is a platform called *Red Couch*, an engagement channel where employees get the chance to meet the company leaders to get clarity on company operations and specific job-related tasks. Employees increasingly value the opportunity for voice and more frequent informal feedback conversations with their superiors (Schleicher & Baumann, 2020). Awareness consultations are also held, allowing employees to approach the HRM department freely should they need any assistance regarding company procedures, systems, and other job-related matters. These suggest that the company exercises an open-door policy which to some extent

acts as a motivation tool for employees. As such, contemporary firms are using a more employee-centric approach in which employees have a voice in organizations (Dutton & Wrzeniewski, 2020). Employees in the organization desire to meet their executives and HR professionals for clarity on employment matters. The following responses confirm these engagement platforms:

A response noted that: *We have something called 'the red couch' where we call one of the executives and they ask questions that are related to the topic of a discussion. It's a good platform but can be a bad one if people are frustrated, they could use that platform to raise their concerns.* Another response noted that: *We conduct awareness consultations with employees.*

CONCLUSION

Though the retention strategies used by this state agent appear to be fairly effective, the organization does not entirely make use of innovative human resource approaches in retaining employees. Innovative strategies such as flexitime and telecommuting seem to be absent in the organization. These strategies can provide a competitive edge due to the need for work-life balance. However, the organization seems to appreciate employees furthering their studies, which becomes their biggest benefit. This shows that the organization believes in learning, which helps it to react to new changes through employee training and development. The study also revealed that the company is too generous when it comes to leave days, which seems to motivate many employees. Respondents reiterated that not many companies offer more leave days than their organization. Employees are taken care of through the provision of a clinic and canteen facility, which help employees spend less money on medical bills and food. Permanent contracts, counseling, and employee engagement are also revealed as retention strategies that aim to satisfy an organization's employees. Employees revealed that the company uses all these benefits to cushion employee salaries, which appear to be low and demotivating.

Therefore, it is recommended that public sector organizations consider the changes in employee psychological contracts and the current nature of employees found in organizations to provide retention strategies that suit employee

needs. The labor force is now dominant with women and young employees who favor a work-life balance approach as opposed to male employees who used to dominate organizations some years ago. Flexitime and telecommuting are some of the innovative retention strategies an organization can use for certain jobs for women and young employees. Work-life balance strategies can retain employees in an organization as they provide time for personal needs such as academic studies and family responsibilities. In addition, telecommuting can save employees on transport costs which can compensate for low salaries. Relying on traditional retention strategies may not be effective in a competitive environment.

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