Factors Influencing Talent Management in Nhon Hoa Scale Manufacturing Company

Tracy Trang Ly[1,2], Long Duc Bao Nguyen[2,3], Khong Sin Tan[4(✉)], Sieng Ly[1], and Ai Van Tran[2]

[1] Nhon Hoa Co. Ltd, Ho Chi Minh City, Vietnam
[2] Nguyen Tat Thanh University, Ho Chi Minh City, Vietnam
[3] Japan Vietnam Hi-Tech R&D Center, Ho Chi Minh City, Vietnam
[4] Faculty of Business, Multimedia University, Cyberjaya, Malaysia
kstan@mmu.edu.my

Abstract. This study aims to identify key elements of a strategic plan for talent management in Nhon Hoa Scale Manufacturing Company (Nhon Hoa Co. Ltd.). The company was established in 1983 as a small family-owned business at the beginning. Over the last few decades, Nhon Hoa Co. Ltd has become the leading enterprise in the field of spring dial scale production with nearly 2000 employees. Quantitative research has been conducted among 520 employees of the company. Research findings identify six factors that are important for developing the talent management strategy of Nhon Hoa Co. Ltd. These include employer brand, organizational culture, organizational plan, Human resource management strategy, employee engagement, and management capability. Amongst the six factors, employer brand is found to be most important in managing talent for the company.

Keywords: Talent Management · Scale Manufacturing Industry · Human Resource · Nhon Hoa Scale · Vietnam

1 Introduction

Many countries in the world develop human development strategies focusing on creating a balance between consistency and creativeness. People are the basic resources. Most importantly, people determine the country's development and position in the world. Some years ago, business enterprises usually competed by financial and technological strengths and, thereby, downplayed the role of humans. In those days, human resources management was not a priority. So did talent management. Inadequate human resource development led to less effective enterprises' strategic planning.

At present, when Vietnam further integrates into the world economy as part of free trade agreements, the competition becomes fiercer regarding the entry of massive foreign companies into the domestic market. While capital and technology strengths are not enough to sustain competitive advantages, humans' knowledge, skills, and talent have become vitally important assets. To survive and grow, Vietnamese enterprises need to

attract and retain talents through competitive wages and benefits, promotion opportunities, etc. Talent has been the most important asset which will determine the wealth and sustainability of a business. Therefore, talent management is a strategic task of human resources management (HRM) in any enterprise. Understanding the importance of talents to the development of businesses, Nhon Hoa Co. Ltd. is attentive to this invaluable asset- talent management. Thriving for more than 30 years, it is time for the company to revise the whole personnel system in order to limit the brain drain situation in the enterprise. A study of talent Management is essential to help Nhon Hoa improve the management's attention in order to better manage the talent and prepare the next generation for the future development of the company. Furthermore, this study will help Nhon Hoa Co. Ltd solve the problems related to ineffective talent management including a shortage of talents, poor talent development plan, poor cross-generation management, and knowledge management. This study, therefore, seeks to answer the question: What are the factors influencing talent management in Nhon Hoa Co. Ltd.?

2   Literature Review

The definition of talent management has been existing for a long time. First, it contained theories related to human resource practices such as recruitment and succession planning. In other words, it reflected the future need for employment in the company or operators would take it as a preparation for a specific strategy. Second, the concept of talent management refers to the connection between personnel needs and personnel progression in the organization. Talent management was also defined as a collection of typical human resources practices, functions, and tasks such as recruiting, selecting, developing, and managing the workforce [7] [8] [11] [12] [16] [18]. According to [9], talent management was a collection of activities related to the recruitment, development, and retention of talented people who were capable of presenting a great performance at a specific position in a company.

Talent management was also confirmed to have a significant impact on employee performance and work engagement [20]. [2] claimed that good talent management will pay the right attention to important strategies.

2.1   Human Resource Strategy

[21] claimed that HR needed to focus on important decisions of the business, especially on matters that relate to talent management. Regarding new focused areas of the HR department, [22] noted that HR is strongly related to talent management. Because there exist many forces that shape global talent challenges, many potential HR policies and practices could be applied in managing talent activities [5]. [14] stated that effective strategies played an important role in using tools such as talent acquisition, training, management capability, and organization development to achieve successful talent management. According to [9], there is an integration and coherence in talent management strategy across all levels or functions of an organization. However, [16] pointed out that 50% of top managers over the world agreed that there was a lack of connection between talent management plan and management capability.

2.2   Organizational Culture

It was shown in the study of [21] that organizations' cultures were employee-oriented. The research respondents agreed that the organizational cultures were relevant to enhancing talent management, which affected positively their talents. In other words, the respondents disagreed that organizational cultures promoted employees' talents. Dr. Linda Duxbury, an economics professor at Canada's Carleton University, indicates two significant factors that influence directly the employees' working quality are life-work balance as well as learning and development. Briefly, it is all about work-environment issues.

2.3   Employers' Management Capability

According to [11], employers have a significant influence on talent management and employee retention. As leaders know how to create a retention-rich organization in order to attract, engage and build loyalty among talented employees, they also create a key strategy to succeed in the modern globalized economy [10].

2.4   Employee Engagement

[18] discovered that the performance of employees will increase if they have more flexible working conditions with proper training and fair recognition. According to [14], the focus of talent management presented the relation between organizational needs for different types of workers and organizational gaps in capability and capacity.

2.5   Employer's Brand

As Glen Pushelberg, the Managing Director of the Toronto designing firm 'Yabu Pushelberg,' states that: "It's not about how much you spend. It's how you portray yourself. It's how you teach others, including your own employees, about what you stand for and who you are as a company". According to research on the basis of the comparative analysis, it is a fact that companies with employer brands invest more in training, and development activities, and have a lower turnover rate. Also, the contribution of the employer brand is recognized as a better option for managing talents [3] [15].

Even though all these factors have been proved to have a certain influence on talent management, their influence has never been assessed in a comprehensive model to measure the multivariable impact on talent management.

3   Research Methodology

This research applied a quantitative method. Questionnaires were used to collect data from employees of the company. Pilot test was conducted with a small group of 20 respondents to assess the validity and reliability of the tool.

The relationship between variable factors and talent management is presented in the conceptual framework (Fig. 1).

Six hypotheses are developed to test the relationship between the six factors and talent management as follows:
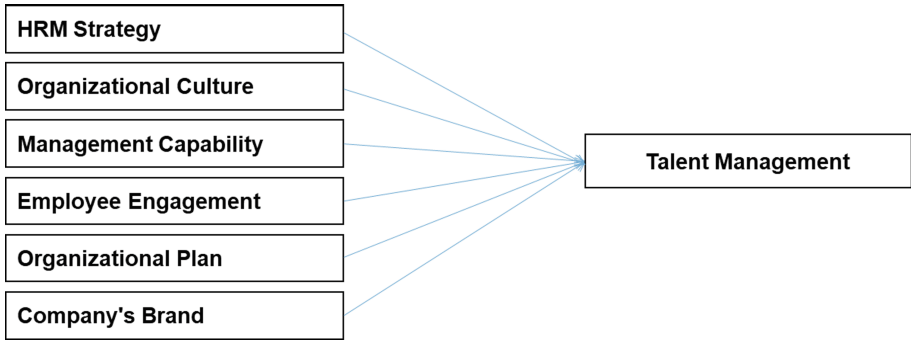
Fig. 1. Research Framework

– H1: There is a significant positive relationship between Human Resources Management (HRM) strategy and Talent Management.
– H2: There is a significant positive relationship between Organizational Culture and Talent Management.
– H3: There is a significant positive relationship between Management Capability and Talent Management.
– H4: There is a significant positive relationship between Employee Engagement and Talent Management.
– H5: There is a significant positive relationship between Organizational plan and Talent Management.
– H6: There is a significant positive relationship between Employer Brand and Talent Management.

For data collection, a quantitative survey was conducted among a sample of 520 employees of Nhon Hoa Company. Precisely, most of the questions were managed based on a five-point Likert scale. The typical 5-point scale measures respondents' opinions on five levels including Strongly agree - 5 points, Agree - 4 points, Neutral - 3 points, Disagree - 2 points, and Strongly disagree - 1 point. After being collected, the responses will be coded and mapped into numeric values. Based on the scale's measurement, correlation analysis was carried out to identify the relationship between talent management and the other 6 independent variables. A bivariate correlation procedure using statistical package for social sciences (SPSS 22) was employed in computing Pearson's correlation coefficients. Regression analysis was deployed to assess the relationship between dependent and independent variables of the proposed research framework.

Amongst the total 520 respondents, 504 participants (434 males and 70 females) actually completed the questionnaire and were classified as valid responses. The surveys were distributed to all participants regardless of their range of age.

4   Data Analysis and Research Findings

The number of male respondents was dominant over the number of females since 86.1% of respondents were male. Only 13.9% of the respondents were female. The age of

respondents mostly felt in the 31 to 40 group and over 40 groups. 187 (37.1%) and 195 respondents (38.7%) were in those groups, respectively. Regarding position, there were 7 organizational leaders (1.4%), 50 departmental managers (9.9%), 75 supervisors (14.9%), 320 office staff members (63.5%), and others (10.3%) taking part in this study. This would lead to probably more accurate data since the opinions of all kinds of position has been obtained for research. The educational level also varied among Nhon Hoa employees, which includes Associate Professional Vocational Degree (165 respondents), Bachelor Engineer (75 respondents), Postgraduate (8 respondents), and other educational level (256 respondents). Most respondents have more than 10 years of working experience (60.1%). The number of respondents who has 6–10 years of experience is 100, which accounted for 40% of respondents. Only 20% of respondents had less than 5-year experience. The figure for the Number of years working for Nhon Hoa was quite the same as the Year of experience figure. Most of the respondents (59.5%) have spent over 10 years working for Nhon Hoa. Over 40% had spent 6–10 years at Nhon Hoa. Only a small proportion of respondents (7.3%) had less than 2 years spent at this company. This implies that most of the respondents participating in this research have a substantially deep understanding of Nhon Hoa, therefore more accurate research findings could be produced.

Regression analysis was conducted to test the relationship between suggested factors in the management of talent in Nhon Hoa Company. Tables 1, 2 and 3 show the results of the regression analysis.

According to the table, all the VIF values are less than 5, revealing that there is no problem in terms of multi-Co-linearity among the predictor variables. The tolerance

Table 1. Regression Model of Talent Management and other variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823[a]	.678	.674	.360

a. Predictors: (Constant), Employer brand, Employee engagement, Organizational culture, Organizational plan, Management capability, HR Management strategy

Table 2. Analysis of variation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	135.507	6	22.584	174.257	.000[b]
	Residual	64.413	497	.130		
	Total	199.920	503			

a. Dependent Variable: Talent management
b. Predictors: (Constant), Employer brand, Employee engagement, Organizational culture, Organizational plan, Management capability, HR Management strategy

Table 3. Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.070	.118		-.592	.554		
	HR Management strategy	.138	.046	.133	2.999	.003	.332	3.016
	Organizational culture	.225	.044	.222	5.100	.000	.342	2.922
	Management capability	.107	.045	.103	2.358	.019	.340	2.944
	Employee engagement	.141	.040	.139	3.552	.000	.421	2.373
	Organizational plan	.142	.041	.140	3.464	.001	.396	2.525
	Employer brand	.231	.040	.230	5.796	.000	.413	2.424

a. Dependent Variable: Talent management

level of the predictor variables is high enough to indicate strong relationships between the predictor variables and Talent Management. The model summary table suggested that 67.8% of Talent management can be explained by the six independent variables.

There is a positive significant relationship between HR Management strategy, Organizational culture, Management capability, Employee Engagement, Organizational plan, Employer Brand, and Talent management because of the Sig. value is below 0.05.

Generally, the survey is reported to be meaningful in assisting the management board of the company in devising a radically strategic plan, to attract and retain the talents of the next generations. Effective talent management would lay the foundation for the sustainable development of Nhon Hoa in the daily changing competitive economic climate.

A great deal of comments reflects that Nhon Hoa has been performing very well in building a prestigious employer brand in the perception of employees. The leading position in the Vietnamese scale market grants employees a certain level of pride when working at Nhon Hoa. There are also other viewpoints summarized below:

– Regarding the Organizational culture, many employees want their company to be more creative-oriented. In other words, Nhon Hoa should renovate a platform where creative ideas are highly encouraged. Furthermore, the gap between workers and

the management board makes employees' proposals not able to reach the top-level managers.

– Employees also made several complaints about current wages. They are not satisfied with the salary and, therefore, are not fully committed to the company. Some employees even predict a high rate of future turnovers if no adjustments in salary policy were applied. This finding supports the idea extracted from the survey that Nhon Hoa should consider offering more promotion opportunities for current employees if the company wants more sustainable loyalty from potential talents.

– The element that yields much concern from employees is Management capability. The ability of top managers is perceived as insufficient in employees' perception. Employees do not place a strong belief in management capability, so they are not inspired to work harder. They request to replace those who with poor management capability with new managers who are qualified in both expertise and administration skills. Besides, managers' skills seem not to match the expectation of employees. A lack of interpersonal skills might adversely affect employees 'motivation, hence failing to encourage them to optimize their capabilities.

The regression equation is developed as follows: Talent management = 0.070 + 0.138 (HR Management strategy) + 0.225 (Organizational culture) + 0.107 (Management capability) + .141 (Employee engagement) + .142 (Organizational plan) + .231 (Employer brand).

This equation can be interpreted that:

– For every unit increase in HR Management strategy, Talent Management will decrease by 0.138 units provided other variables remain unchanged.
– For every unit increase in Organizational Culture, Talent Management will decrease by 0.225 units provided other variables remain unchanged.
– For every unit increase in Employee Engagement, Talent Management will increase by 0.141 units provided other variables remain unchanged.
– For every unit increase in Organizational Plan, Talent Management will increase by 0.142 units provided other variables remain unchanged.
– For every unit increase in Employer Brand, Talent Management will increase by 0.231 units provided other variables remain unchanged.

In summary, the relationship of the 6 variables with Talent management has been identified. The finding indicates that all 6 independent variables are found to have a significant correlation to Talent management. Employer brand (0.231) is the most influential determinant of Talent management, followed by Organizational culture (0.225). Organizational culture and Organizational plan have an equal effect on Talent management. HR management strategy (0.138) also moderately influences Talent management. Management capability exerts a relatively weak influence over Talent management in this study.

5   Conclusion

Talent management is among the key factors that lead to organizational success. The findings from this research on Talent management provided by Nhon Hoa Scale Manufacturing Company in Ho Chi Minh City, Vietnam are significant to the scale manufacturing industry. Knowing which aspects are worth putting effort into helps the company save a large amount of capital. Effective talent management is no longer considered an expense if managed properly and reasonably. A well-implemented talent management strategy will lead to the sustainable development of the company.

The research has found the determinants of talent management in large-sized companies such as Nhon Hoa Scale Manufacturing Company. This will contribute to filling the knowledge gap in talent management in big companies in Vietnam. In addition, this is significant to relevant academies that study and teach the field of talent management in international education.

6   Limitations and Recommendations for Further Research

This study has encountered the following limitations:

Only internal factors are considered. External determinants such as government policy, educational system, and labor force have not been analyzed yet. A program curriculum from the university that is designed to fit the industry requirements will help the organization boost up and optimize the talent management strategy. In addition, government policy will also affect the organization's recruitment and compensation plan.

This study only explores the causal relationship between 6 independent variables and talent management. Other important aspects of talent management, including Succession planning and talent pool development, have not been incorporated into the research.

Future studies should deeply analyze macro-environmental factors in order to produce a more accurate result. For more efficient and effective talent management, the Succession planning process and talent pool must be concerned in future studies. Moreover, Employer brand and Organizational culture are found to be the most influential factors in talent management. However, within the scope of this study, a profound understanding of these two determinants has not been developed. Hence, future studies should split these factors into small topics in order to devise a specific implementation strategy for each aspect.

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