



IMPACT OF TALENT MANAGEMENT ON PERCEIVED ORGANIZATIONAL EFFECTIVENESS: SERVICE INDUSTRY IN LAHORE, PAKISTAN

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Keywords

Talent management, organizational effectiveness, HRP, training & development, ability, motivation, opportunity.

ABSTRACT

The purpose of this study is to find out the impact of 5 dimensions of Talent Management on perceived Organizational Effectiveness. For this study, different subsectors of service industry in Lahore, Pakistan were surveyed. For the last couple of decades, service industry has developed to a stage, where it is in a position to define the country's economy. It has totally shaped up the ways of businesses and the survival lies in gaining competitive edge. Researchers believe that talent is the key to gain competitive advantage in the industry of service. A survey was conducted through a 5 point Likert scale questionnaire for the selected organizations in the 5 selected subsectors of service industry in Lahore, Pakistan. The questionnaire was divided into three parts, the first part covers the personal information of employee, second part has 25 questions related to 5 Talent Management dimensions and the third part has 5 questions related to perceived Organizational Effectiveness. The result shows that all of the 5 dimensions of Talent Management were significant. Human Resource Policy, Training & Development, Ability and Motivation were found to have a strong positive impact on perceived Organizational Effectiveness. However, opportunity had no impact on perceived organizational effectiveness.

JEL Classification

J24, M12, O15

1. INTRODUCTION

Over the span of a decade or so, talent management has become a key management issue, it won't be wrong to rephrase it as, a key to management issues. Number of studies showed that business leaders consider talented pool of people to be the single most important managerial concern for the last 15 years in the field of human resource management. Researchers like Paauw (2007), Farndale et al. (2010) has focused the need of talent management for the organizations to have a competitive advantage leading to the organizational effectiveness. Guthridge et al (2008) states that "to manage the talent successfully, organizations must recognize that their human resource strategies."

This paper intends to find that what are the dimensions of talent management and how do those dimensions impact on the organizational effectiveness. The study focuses only the service sector in Lahore, Pakistan. With the dramatic flourish in the service industry, the dimensions of modern economies are changing. Since the start of the new century, service sector is the main contributor to the major economies of the world (Powell et al. 2012). This is has opened new avenues for the scholars and practitioner. With this changing business dynamics, new challenges appear.

For instance, researchers believe that for the competitiveness and organizational effectiveness in the service sector, the most crucial factor is the human resource capital (Tarique and Schuler, 2010). Human Resource capital is the one dimension of the business in the service sector that has margin to gain advantage over the rivals. For this, a deep understanding of functionalities of human resource management is important.

Strategic Human Resource has multiple functionalities and practices; however the key ones are finding the talent, training and development of the talent and then retaining them (Schuler & Jackson, 2005). To summarize the importance of talent management in the service sector, Lewis and Heckman (2006) believes that with high turnover, multi-cultural workforces and massive growth, service industries are gradually considering talent management a top priority.

The paper is organized as follows. In section 1, we study organizational effectiveness and talent management. In section 2, we examine employee performance (P) as a function of AMO model which is the employee's ability (A), motivation (M) and opportunity (O). In section 3, we consider dimensions of talent management. In section 4, we employ some econometric analysis to the data set. In section 5, we discuss findings. Section 6 concludes the paper.

1.1. Organizational Effectiveness

Organizational effectiveness has been one of the most extensively researched issues since the early development of organizational theory (Ashraf, 2012). With the hostile business environments and crises, organizational effectiveness is critical for the success in any economy. In order to achieve increased and sustainable business results, organizations need to execute strategy processes and they should engage talented employees. Organizations primarily intend to excel and attain sustainable organizational effectiveness through different ways.

The effectiveness of an organization is defined as the extent to which it is able to survive, perform its mission, and maintain favorable earnings, financial resources, and asset value. Yukl (1994). Further exploration suggests that, key indicators for business firms include long-term profit growth, return on investment, and stock returns. According to the research conducted by Whinener (1988), there are number of ways to measure the organizational effectiveness. They can be weighed upon production, income, expansion, turnover and ability to achieve collective goals. However, the crux remains that organizational effectiveness is the efficiency with which an organization is able to meet its objectives and collective goals.

Selection of appropriate basis for assessing organizational effectiveness remains a challenging problem for the managers in an organization. There are no generally accepted conceptualizations prescribing the best criteria. 257702 However, according to some recent studies in organizational effectiveness, Ashraf and Kadir (2012) explored that the Organizational Effectiveness focuses on different success factors that vary according to the industry, stakeholders and their interests, nature of business, aims and goals of an organizations, for instance collective profit, produced quality and innovation.

Cameron (1986) studied the various approaches about the organizational effectiveness that are product of different attributes modal of organizations. He probed that organizational effectiveness's most critical factor is the difficulty in identifying the criteria of effectiveness. He examined that organizational effectiveness is related to the stakeholder, as they have concern about the organizational effectiveness further they make relevant policies that ensures parameters of organizational effectiveness. Lewin and Minton (1986) examined the organizational design in the terms of organizational effectiveness that contributes to increase the rationality of the organizational practices of organization adaption and organization re-designing.

An organization's ability to meet project goals, timelines, and budgets significantly impacts its ability to thrive. The researchers have explored the link between alignment of talent management strategy and organizational success. The results reveals that high-performing organizations are more than twice as likely than low-performing organizations (69 percent and 31 percent) to have talent management programs aligned to organizational strategy. This new infusion of perspectives, talent management, and traits helps to propel the organization to success.

Effectiveness depends on three primary performance determinants: (1) Efficiency and process reliability (2) Human capital (3) Adaptation to the external environment (Yukl, 1994). The human capital is collection of numerous resources. These resources can be knowledge, competency, talent, leadership, experience, challenges, passion etc. This leads to the importance of talent for achieving Organizational Effectiveness.

The level of talent management aligned to the organizational strategy has a clear positive impact on the success of organization to attain their business intent. According to the report of Project Management Institute Organizations, in which talent management is aligned to organizational strategy have an average project success rate of 72 percent, whereas organizations in which talent management is not effectively aligned to organizational strategy have an average project success rate of 58 percent.

The effectiveness of an organization also depends on how well it adapts to the changes in external environment (Yukl, 1994). In today's tumultuous economy, companies are aggressively seeking ways to remain competitive to cope up with the change. An effective change management process can't be an afterthought. Indeed, it requires comprehensive efforts involving all levels of the organization driven by top management. But companies have no choice. Change is constant, inevitable and need of time.

In order to succeed and thrive in today's rapid-paced and tumultuous market, organizations need a talented and agile workforce that can effectively respond, adapt to and perform under these conditions. Hence, effective talent management helps with the change management within the organization, influence business strategy, and a host of other high-value-added activities that impacts organizational effectiveness.

1.2. Talent Management

It is hard to develop a generic definition for talent management. The diversification leads to multiple as well interlinked concepts of talent management. Talent management is

often inter-exchanged with the terms “Talent Strategy”, “Succession Management” and “Human Resource Planning”. Over the last decade or so, the need and research in the field of Talent Management has taken a huge leap. Researches have tried to explore different dimensions and definitions of talent management.

Since 2001, academics have produced a considerable amount of literature on talent management. Lewis and Heckman (2006) concluded that despite the volumes of academic literature, talent management is still in its infancy, it lacked a clear and consistent definition and scope as well as a conceptual framework based on empirical research. This is supported as “there is considerable debate regarding both the understanding of TM and the conceptual boundaries of this emerging field (Collings and Mellahi 2009).

While searching “Talent Management” or “Talent” on Google Scholar from 2001 to 2014, the large number of publications soared up to 200,000 (Coetzer et al. 2012). The particular result shows the amount of research and attraction talent management has gained. The top tier journals of human resource field has even dedicated especial editions on talent management, this just magnifies the importance of this subject.

As the research shows, it is hard to define “Talent Management” in one single definition, however the researchers have come up with their own research and define talent management in terms of “process”, “competitive advantage”, “development”, “employee”, “strategy”, “motivation”, “HR”, “quality” and such key terms. Kaur (2013) states that, “Talent Management refers the process of attracting, selecting, training, developing, and promoting employees throughout the institution. The primary focus of these practices is to obtain and develop talent which ensures that staff has the necessary tools, support and resources to perform the task in a well-organized manner (Kaur, 2013) .” Davies and Davies (2010) define talent management as a systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who have some particular values for an organization.

The definition of talent management varies with the “effect” and its outcome”. According to the some researchers, the sole purpose of talent management is to attract, develop, motivate and retain the talent. For instance, McCauley and Wakefield (2006) states “Talent management is mainly meant to fulfill the needs of human capital and to narrow the demand-supply gap.” However, in contradiction to this, Cappelli (2008) criticizes this; he argues that “Talent management has not an end in itself. It is neither of developing employees or creating succession plans nor is it about achieving specific turnover or any other tactical outcome. It exists to support the organization’s overall objective, which in business essentially amounts to make money”.

Many of other researchers for instance Frank and Taylor (2004), Collings and Mellahi (2009), Moczydlowska (2012) echo the concept of “contributing to the overall organizational purpose and effectiveness”. Few of the other eminent researchers, Ashton and Morton (2005), Stahl et al. 2007, Lewis and Heckman 2006, share the common thought that “talent management intends to increase in the competitive advantage of an organization.”

2. AMO MODEL

AMO-Framework was developed by Appelbaum et al. (2000) and it proposes that the employee performance (P) is a function of the employee's ability (A), motivation (M) and opportunity (O) to perform. Global Talent management should give talented employees, having extraordinary potential and abilities, and who are highly motivated, the opportunity to develop themselves and to achieve a high performance that leads to the organizational effectiveness.

AMO Model can be formulated in terms of function as:

$P = f(A, M, O)$ where,

P is the performance of the talented employee, which is directly proportional to the organizational effectiveness

A is the ability of the talented employee to perform

M is the motivation of the talented employee to attain goals

O is the opportunity the employee creates for themselves or the organization offer them

The AMO model by Appelbaum et al. (2000) predicts individual performance by the ability individuals have to do the tasks they are assigned, their motivation for these tasks and the opportunity provided for doing them. Ability is a necessary pre-requisite for performance to occur. Motivation and opportunity are also essential, but only after sufficient ability is guaranteed. Thus, ability is predicted to have a direct effect on performance, while motivation and opportunity can only increase or decrease this effect.

Understanding the definition of ability, motivation and opportunity can help to get maximum performance output from this model. Boxall & Purcell (2000) states that according to AMO Model, ability means "potential to perform" that is the capability of handling the given tasks. Pinder (1998) defines motivation as "a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity and duration." The definition of opportunity in terms of talent management is given by Boxall & Purcell (2000), "opportunity is when the work environment provides the necessary support and avenues to express talent."

Although the equation does not show any exact relationship between the variables, however all three variables impacts on the employee's performance Boxall and Purcell (2000). AMO model is based on the idea that organizations are best served by an HR system that attends to employee's interests, namely their skill requirement, motivations and quality of their job (Boselie et al, 2005).

3. DIMENSIONS OF TALENT MANAGEMENT

The literature review shows 5 different dimensions of talent management, and they are discussed in detail below.

3.1. Human Resource Policy

The Human Resource Policy usually varies from organization to organization, depending upon the results and goals to attain or on the nature of their business. Numerous controls, such as “size”, “capital intensity”, “industry” and “union intensity”, influence the adoption of business strategies and HR Policies having an impact on Human Resource Policies and organizational effectiveness (Paauwe & Richardson, 1997). The significance of Human Resource Policies is also established by Huselid (1995), “organizations do not operate in a vacuum, but controls may influence the adoption of business strategies and HRM policies, and may have a positive or negative impact on HRM outputs and organizational performance.”

The outcome of human resource policy depends on the focus of the policy. For instance the research of Teo (2002) indicates the HR policies contribute directly to organizational effectiveness. On the other hand, the Hitt et al. (2001) states that HR policies focus on the value of human resources in terms of knowledge, skills and competencies. Many of the studies define HRM in terms of individual practices (Batt, 2002), others believe it is not about individual practices but systems/bundles of practices (Cappelli, 2008). Whatever the purpose is, the objective is to ensure a policy that helps the cause of organization, it is aligned with the values and morals of the organization.

HRM policies play a vital role in setting up the organization’s human capital pool by developing its talent, rare and non-substitutable internal resources (resource-based view). According to the resource-based view, human resource policies have a direct influence on employee traits such as skills, competencies, attitudes and conducts. These HRM outcomes, which are subsequently translated into improved organizational performance (Boxal & Steeneveld, 1999). The findings of Purcell & Hutchinson (2007) explains that the HRM policies encompasses mediating changes in employees’ abilities, motivations, and opportunities to participate that positively influence organizational performance.

3.2. Training and Development

The importance of training and development in talent management is undeniable. Basic definitions of talent management stated by researchers’ shows the significance of training and development. Stiskoorn (2008) takes it into the next level and furnished that “choose any area in which you want to increase your talent, train and develop yourself for 10 years, and ‘presto’, you’re a talent!” However, it is an ongoing debate that if the “talent” is inbuilt or it can be “produced.” Talent is there, but hard work, training and development makes it sustainable and polished.

The vital competencies in performing human resource management practices can be cultured through training development. Some authors, for example Coetzer et al. (2012) has shown the need for continual and systematic training in human resource management practices. However, it is also recognized that there is a lack of sufficient or adequate training courses for specific HRM issues (Sparrow et al., 1994).

Training and development can be treated as an investment in organizational human assets. Firms that offer training and employee development to their talents are making a

visible progress (Waterman et al., 1994). However, generalized skills training and development also increases organizational risk because “talent” may decide to leave the organization. Indeed, managers may incur a considerable expense by extending training activities if the employee does not reciprocate. As such, managers with a high level of trust in their employees are willing to invest in employee training more than managers with a low level of trust are.

The crusade for talent has proven to be highly resilient to the current economic downturn. The recession may be persistent but the scarcity of talented employees and managers remains. The demand for talent is ever growing and vital for the success. For this, developing and training, identifying the talent is important to gain competitive advantage.

To develop and train the talent, it is essential to understand 5 key principles.

Formulating a crystal clear talent policy and formulating tailor made talent definition. Clarity of what “talent” is vital for the effectiveness of organizations (Lawler, 2008). Perceive the talent development and training as an integrated process and then developing a talent development process (Bryan and Joyce, 2007). Fulfilling the need of the organization in terms of talent management and relevant training and development, addressing the question that what should talent development lead to? (Blass and April, 2008), Offering mentoring by true role models. Who and where are the role models? , identifying the leaders to enhance the talent’s organizational “know-how” and business insight Jones (2008). Harness the power of the talent pool and understanding the ability and potential that the talent pool is supposed to offer that could aid organizational development (Shirky, 2010)

3.3. Ability

Purcell et al. (2003) states that according to AMO Model, ability means “potential to perform” that is the capability of handling the given tasks. Ability is a necessary pre-requisite for performance to occur. Ability is defined as HRM-related competences necessary to implement successfully HRM practices at the work place. Many examples of insufficient HRM abilities of employees and its detrimental effects are suggested in HRM literature. According to study of Brewster and Larsen (2008) “there is a danger in allocating HR responsibilities to the employee who do not know about relevant legislation, pay very little attention to manage trade union relationships to resolve problems in unnecessary expensive ways”.

Farndale et al. (2010) and Whittaker et al. (1998) argue that employee’s skills and competences in HRM practices are inadequate, they added that a lack of training will undoubtedly affect employees’ effectiveness hence reducing the overall effectiveness of organization. Ability is a necessary requirement for effective performance of HRM tasks. If one lacks the necessary skills and knowledge it is impossible to implement HRM practices in an effective manner.

The other dimension of ability in Talent Management is stated by Groysberg et al. (2006) as “an individual’s ability to build and sustain relationships and networks.” According to Day (2000), leaders are the people who have the crucial ability to discover hidden talent

among their followers and members of the organizational "talent pool". Appelbaum et al. (2000) concludes that "employees must have enough required competencies, skills, experience and knowledge to all the necessary work for the benefit of the organization."

3.4. Motivation

Motivated talent is the cornerstone of any organization; work motivation is one crucial determinant of individual and of organizational performance. Motivation leading to organizational performance is true and valid for all the sectors, public, private, non-profit and service. Pinder (1998) defines motivation as "a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity and duration." In simpler words motivation is described as employee's desire and willingness to perform HRM tasks. Though, employees are enthusiastic about acquiring HRM responsibilities whereas many feel that they are pushed upon them that's why reluctant to get involved (Perry & Wise, 1990).

Motivation can be encouraged by individual incentives (Perry & Wise, 1990; Crewson, 1997) or through institutionalized incentives (Crewson, 1997; Whittaker et al. (1998). In terms of personal incentives, employees seem to show little interest in the policies (Brewster & Larsen, 2000), and they are not convinced that HRM work is something they should spend much time on (Pinder, 1998). However, with respect to institutional incentives, the HRM role is not generally included in employee's performance objectives. They are only evaluated on achieving targets related to profits or sales not in the area of managing people (Crewson, 1997).

The literature has divided motivation into two kinds, extrinsic (external motivation) and intrinsic (internal motivation). Calder and Staw (1975) define "employees are extrinsically motivated if they are able to satisfy their needs indirectly, especially through monetary compensation. Money is a "goal which provides satisfaction independent of the actual activity itself"." Extrinsically motivated coordination in firms is achieved by linking employees' monetary motives to the goals of the firm. Extrinsic motivation occurs when the talent is motivated to perform an activity to earn a reward or to avoid a punishment. (Instinctive motivation)

However, the intrinsic motivation involves being engaged in a behavior because it gives personal rewarding and satisfaction. The talented employee is motivated for their own sake rather than the desire for some external reward. Motivation is intrinsic if an activity undertaken for one's immediate needs satisfaction. Intrinsic motivation "is valued for its own sake and appears to be self-sustained." (Deci, 1975: p.105). Deci (1975) further explains intrinsic motivation as "intrinsic motivation can be directed to the activity's flow." Burton (2013) exemplifies intrinsic motivation as self-defined goal, for instance climbing a mountain. (Instinctive motivation)

3.5. Opportunity

Even if individuals have the ability or they are motivated to follow the human resource policies efficiently, the organizations must provide them with appropriate opportunities to utilize their talent (Lepak et al., 2006). The definition of opportunity in terms of talent

management is given by Boxall & Purcell (2003), "opportunity is when the work environment provides the necessary support and avenues to express talent." What determines this opportunity of talent to perform well in Human Resource Management related activities remains to be inquired? First of all, they need good support from the HRM professionals. Secondly, there should be adequate capacity in terms of time to get involved in HRM implementation. Third, roles should be clearly defined and divided, role ambiguity minimized; hence policies & procedures should be clear and supportive. (Hall & Torrington, 1998)

However, HRM professionals do not always provide talented employees with the services or openings they need (Sparrow et al., 1994) because they do not have the time to advise them, they are unable to provide effective support, moreover they are reluctant to abandon their remaining HRM responsibilities playing a new organizational role in supporting line managers (Farndale et al. 2010). In such scenario, the talented employees should create their own chances in order to display their talent and performance.

It is also a job of a leader to ensure that they also provide ample opportunities for their subordinates to excel and exhibit their potential. Lastly, the research of Farndale et al. (2010) shows that human resource management department sometimes fails to define clear role and opportunity for the talented employees, hence their true potential is not demonstrated. So a good Human Resource policy and procedures are important for adequate opportunity provided to the talented employees.

4. DATA AND METHODOLOGY

The main intend of this research is to examine the impact of five different dimensions of talent management on organizational effectiveness. For this purpose, five subsectors of service industry in Lahore, Pakistan were selected as a population. Thus this part of paper discusses the methodology of the research which is used in this study.

$$OE = \beta_0 + \beta_1 HRP + \beta_2 TD + \beta_3 A + \beta_4 M + \beta_5 O \quad (1)$$

The hypotheses of the research are;

H1: Human Resource Policy (HRP) has a positive impact on Organizational Effectiveness (OE).

H2: Training & Development (TD) has a positive impact on Organizational Effectiveness (OE).

H3: Ability has a positive impact on Organizational Effectiveness (OE).

H4: Motivation has a positive impact on Organizational Effectiveness (OE).

H5: Opportunity has a positive impact on Organizational Effectiveness (OE).

In the research, it is important to identify population and select sample size accordingly. Study population is well defined group of individuals or groups of people having similar attributes. This study focuses the service sector of Lahore, Pakistan and for that purpose;

five subsectors were selected with 5 organizations in each subsector. The Table 1 shows the selected organizations for the survey.

Table 1: Subsectors and Selected Organizations

Banking Sector	Education Sector	Medical Sector	Telecommunication Sector	Hotel Sector
Habib Bank Limited (HBL)	LUMS	Sheikh Zaid Hospital	Telenor	Hotel One
Muslim Commercial Bank (MCB)	UMT	Doctor’s Hospital	Zong	Pearl Continental
Standard Chartered	BNU	Surgimed Hospital	Ufone	Ambassador Hotel
Faysal Bank Limited	NCA	Gangaram Hospital	Mobilink	Park Plaza
Allied Bank Limited	FJMC	Hameed Latif Hospital	Warid	Avari Hotel

The data for this study is gathered through a questionnaire (appendix) from different service subsector organizations in the Table 1 in Lahore, Pakistan. Total of 300 questionnaires were distributed among different employees who are working in the selected subsector of service industry in Lahore, Pakistan.

A questionnaire was designed for this study to collect the data from respondents. This questionnaire was designed by adapting different recognized scales for the selected independent and dependent variables. The brief of this scale and measures are given in the Table 2.

Table 2: Adaption of Scales Used in Questionnaire

Organizational Effectiveness	Organizational Effectiveness Inventory (OEI) Cooke, 1995, 1997, - Cooke & Lafferty, 1983, 1994
Human Resource Policy	Ulrich, Dave (2007): Measuring Human Resources: an over of practices and policies and prescription for results. John Wiley & sons, Inc.
Training & Development	Ahire et al. (1996) : Development and Validation of TQM Implementations Constructs. Decision Sciences. Vol.27, No. 1, p. 23-56
Ability	Colquitt & Rodell (2001): Justice, Trust and trustworthiness, Academy of Management Journal Vol. 54, No.6, p. 1183-1206
Motivation	Organizational Effectiveness Inventory (OEI) Cooke, 1995, 1997, - Cooke & Lafferty, 1983, 1994
Opportunity	Ford et al. (1992): Factors Affecting the Opportunity to perform trained tasks on the job. Vol. 45, No.3, p. 511-527

The questionnaire (see appendix) uses five point Likert scale, 1 is for strongly disagree, 2 for disagree, 3 for neither, 4 for agree and 5 for strongly agree. The questionnaire inquires about the Talent Management and organizational effectiveness that are adopted through the literature review. Every component of talent management and organizational effectiveness are judged by five questions. So the total of 30 questions to be answered and respondents were ensured about the privacy. The respondents of different subsectors were distributed 300 questionnaires, 12 questionnaires to each selected organization. The numbers of returned questionnaire were 219, hence yielding response rate of 73%. Out of 219 questionnaires, 19 were incomplete and not useful for compiling the results. Therefore, the effective response rate was 67%.

Table 3 shows the sample statistics of respondents. The size of the sample consists of 200 respondents, out of which 128 males (64%) shows the majority of the respondents and 72 females (36%) shows the minority of the respondents. Table 3 shows that largest group of the respondent is 69 (34%), that is the age group of 30-39, secondly it is 60 (30%), that is the age group of 25-29 years, thirdly it is 26 (13%), that is the age group of 20-24, then 38 (19%), that is the age group of 40-49, minority of 6 (3%), that is the age group of 50-59 and lastly only 1 (.5%) of respondents age is more than 60 years. 87(43.5%) respondents have done their masters and 38 (19%) respondents are bachelor degree holder. Whereas 4 (2%) of respondents have just complete their intermediate level, 68(34%) respondents are other degree holders and only 3(1.5%) of the respondent have done their M.phil. 105(52.5%) respondents are working at Managerial level and 95(47.5%) respondents are working at Non- Managerial level. 131 (65.5%) respondents are working on permanent basis, however 36 (18%) respondents are working on contract basis and 33 (16.5%) respondents are working on temporary basis. 54 (27%) respondents are from Banking sector, however 53 (26.5%) of respondents are from Education sector, 43 (21.5%) respondent are from Medical sector, whereas 21 (10.5%) respondents are from telecommunication and 29 (14.5%) of the respondent are from hotel sector.

Table 3: Sample Statistics

		Freq	%
Gender	Male	128	64
	Female	72	36
Age	20-24	26	13
	25-29	60	30
	30-39	69	34.5
	40-49	38	19
	50-59	6	3
	60 +	1	0.5
Education	Intermediate	4	2
	Bachelor	38	19
	Masters	87	43.5
	M.Phil.	3	1,5
	Other	68	34
Job nature	Permanent	131	65.5
	Contractual	36	18
	Temporary	33	16,5
Subsector	Bank	54	27
	Education	53	26,5
	Medical	43	21,5
	Telecommunication	21	10,5
	Hotel	29	14,5
job position	Managerial	105	52.5
	Non-Managerial	95	47.5

5. EMPIRICAL FINDINGS

We divided organizational effectiveness into three groups. The mean effectiveness score of an organization from 0 to 3.6 the organization is named ineffective, the mean effectiveness score 4 is effective and if the effectiveness score of an organization is more than 4 (up to 5) it is named as strongly effective organization. The table 4 shows the summary of the organizations falling in the category of “ineffective”, “effective” and “strongly effective”. The results shows that 47.5% organizations were effective, 31% organizations were ineffective and 21.5% organizations were strongly effective.

We used an ordinal regression to assess the relations between OE and the dimensions of TM . Ordinal regression technique explains the relationship between one dependent variable and some independent variables like the classical regression analysis. But, unlike to classical regression analysis, in ordinal regression analysis, the dependent variable is ordinal. Independent variables can be any type, categorical or continuous. Since our dependent variable has 3 categories which are ineffective, effective and strongly effective, rather than a classical OLS regression analysis ordinal regression is more suitable. The results are given in table 5.

Estimates are the ordered log-odds (logit) regression coefficients. Standard interpretation of the ordered logit coefficient is that for a one unit increase in the predictor, the response variable level is expected to change by its respective regression coefficient in the ordered log-odds scale while the other variables in the model are held constant. However, since the ordered logit model estimates one equation over all levels of the outcome variable, a concern is whether our one-equation model is valid or a more flexible model is required. The odds ratios of the predictors can be calculated by exponentiating the estimate.

Table 4: Summary of Effectiveness of Groups

		N	%
Organizational Effectiveness	Ineffective	62	31,0
	Effective	95	47,5
	Strongly Effective	43	21,5
Total		200	

Table 5 shows the results of what kind of impact the dimensions of Talent Management has on the organizational effectiveness. The results show that apart from “Opportunity” all the other dimensions are positive and significant. Opportunity is found to be having insignificant impact. Ability, Motivation and Training & Development are highly significant and has positive impact, where as Human Resource Policy is significant at 0.025.

HR- This is the ordered log-odds estimate for a one unit increase in HR score on the expected OE level given the other variables are held constant in the model. If a subject were to increase his HR score by one point, his ordered log-odds of being in a higher OE category would increase by 1.465 while the other variables in the model are held constant. For HR, we would say that for a one unit increase in HR the odds of strongly effective versus the combined effective and ineffective categories are 4,328 greater, given that all of the other variables in the model are held constant. For A, we would say that for a one unit increase in A the odds of strongly effective versus the combined effective and ineffective categories are 2,656 greater, given that all of the other variables in the model are held constant. Similarly for M and TD, we would say that for a one unit increase in M or TD the odds of strongly effective versus the combined effective and ineffective categories are 8,568 and 36,598 greater respectively, given that all of the other variables in the model are held constant.

Table 5: Results of Parameter Estimates

Dependent variable:						
Organizational Effectiveness (OE)	Estimate	Std. Error	Wald	Sig.	Odds Ratio	
HR	1,465	0,653	5,023	0,025	4.328	
A	0,977	0,199	24,198	0	2.656	
M	2,148	0,454	22,343	0	8.568	
O	-1,098	0,587	3,502	0,061	0.000	
TD	3,6	0,625	33,173	0	36.598	
Threshold	[OE = Ineffective]	25,767	3,314	60,463	0	
	[OE = Effective]	30,461	3,63	70,436	0	

Table 6 shows the summary of the results of the five hypotheses. Four out of five hypotheses were accepted and the H5 was rejected as it is insignificant and shows a negative impact. The results clearly show that all the independent variables were found significant. There can be multiple reasons for the negative impact of opportunity on the organizational effectiveness. One of the major reasons can be the organization culture itself. Not many employees in the industry are ready to accept that the organizations give them opportunities to excel. Most of them believe it is wholly their effort which makes them to excel.

Table 6: Summary of Results of Hypotheses

Hypothesis	Result	Description
H1 (HRP)	Accepted	Significant (0.025) and positive impact
H2 (TD)	Accepted	Significant (0.000) and positive impact
H3 (A)	Accepted	Significant (0.000) and positive impact
H4 (M)	Accepted	Significant (0.000) and positive impact
H4 (O)	Rejected	Significant (0.061) and no impact

6. CONCLUSION

This study has explored 5 different dimensions of talent management and their respective impact on the perceived organizational effectiveness in the service sectors of Lahore, Pakistan. The literature review shows that Human Resource Policies, Training and Development, Ability, Motivation and Opportunity are main dimensions of Talent Management. Five subsectors in the service sector in Lahore were selected for the survey for this study. The results bear that all the talent dimensions, apart from opportunity were significant and positive.

It is an established fact that to gain competitiveness in the volatile business markets of service sector, the organizations have a lot of room for improvement in their human capital. This is the reason that trends from traditional Human Resource Management are shifting towards Strategic Human Resource Management. This boasts the need for talent pool and talent management. This study helps the Human Resource departments of the organizations to understand what can be done to improve the talent in their organization. This is also beneficial for the line managers and immediate supervisors to understand how to get top results from their talented subordinates.

The results shows that all of the dimensions are highly significant, however not all of them shows positive impact on organizational effectiveness. The result clearly shows that Human Resource Policies have a strong positive impact; hence the Human Resource department should make policies to promote talent. Training and Development is another impactful dimension, Human Resource department and the immediate supervisors must consider this to have organizational effectiveness.

According to the AMO Model, ability, motivation and opportunity are all three important dimensions of talent management. Ability or potential itself is vital component of talent. Any talent would certainly show some ability and this has a positive strong impact on organizational effectiveness. Motivation itself has two kinds and motivation shows strong positive impact on organizational effectiveness. The study hypothesized that the opportunity is significant and it has a positive impact on organizational effectiveness, however this hypothesis (H5) was rejected. Even though opportunity was found to be quite significant but it showed a negative impact.

6.1. Future Directions

Organization culture can be an important moderating factor. Every organization has different organizational culture, and that can have an impact how talent management affects organizational effectiveness. Even though for most of the organizations in the service sector in Lahore, Pakistan has somewhat similar kind of organizational culture but still number of factors shape up the organizations culture. For instance, success factors for every organization are different and that can develop a certain kind of organizational culture. Apart from that, leadership, moral and values of the organization, external environment, stakeholder management etc. can set up a particular organizational culture.

Future researcher may test the mediating effect of personal characteristics, for instance age, qualification, gender, level of job, and nature of job for analysis of talent management in service sector. Such traits of talent may have some role in talent management and organizational effectiveness in the service sector. For the future studies, these can be added in the model to have a better understanding about how the Talent Management dimensions impact on organizational effectiveness.

This study was focused on the selected subsectors in the service sector of Lahore, Pakistan only. Even some other subsectors of service industry might produce different results. The study might yield different results for the manufacturing industry and in some other focused geographical region. For the further research, more empirical and comparative studies are required to know better understanding of the impact of talent management dimensions on organizational effectiveness.

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Appendix

Talent Management	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
Human Resource Policy					
1-Human Resource Policy maintains justice among all the					
2-Employees are taken into account when new policy is					
3-Recruiting and promoting are based on neutral grounds					
4-Safety and health issues at work are considered by HR					
5-HR policies cater and consider wellbeing of the					
Training & Development					
1-Resources are available for employee quality training					
2-There is often some kind of employee training held in					
3-Importance is given to job enrichment in the					
4-Opportunities for training and development are fair for					
5-the training and development is well planned and					
Ability					
1-1 am capable of doing the tasks assigned to me					
2-My ability and potential is fully utilized					
3-My ability and potential is fully known to the					
4-1 have certain competencies that can help organization					
5-1 have more ability & potential than what my job					
Motivation					
1-Organization motivates to do the highest quality of					
2-The organization inspires the very best in you					
3-You personally go out of the way to help the					
4-It seems pointless to work hard given the way your					
Opportunity					
1-The organization knows exactly what to expect from					
2-Equal opportunities for all employees to perform					
3-Organization gives me opportunity, 1 don't have to					
4-Opportunities are given to express opinions					

5-Flexibility is given in terms of job role and performance					
Organizational Effectiveness					
1-1 am achieving goals for my organization					
2-1 always try to improve working conditions in my					
3-The overall morale of all the employees in organization					
4-All tasks to be completed are measureable and					
5-Business processes are well engineered and runs					