

Application of Talent Management through Employee Competence in State-Owned Enterprises

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Abstract

The purpose of this study is to examine the application of talent management through employee competence in State-Owned Enterprises. The research design uses descriptive research with a quantitative approach. Research targets are employees of State-Owned Enterprises (SOE) in Indonesia. Data collection methods by providing a structured questionnaire aimed at the respondents. The analytical tool used in this study is Partial Least Square (PLS) the software used is smart-PLS. Employee competence has a positive and significant effect on talent management. The application of talent management through employee competence is dominated by the ability of employees so that effective functions in social groups can be applied. To improve the ability of employees, then other competencies such as; individual skills, recognition and appreciation, individual attributes and knowledge can be a factor that determines the ability of employees in applying talent management, so employees have the talent needed by SOEs because in the application of talent management, exclusive positions are only occupied by selected employees.

Keywords

Employee Competencies, State-Owned Enterprises and Talent Management.

1. Introduction

Talent management of employees of State-Owned Enterprises (SOE) aims to get and prepare the best employees to take priority positions one level higher. Realize succession planning thus supporting career pattern management. Build trust and increase the involvement of employees of SOEs. Give equal opportunities to all employees as a means of manifesting self-actualization. Some research on talent management such as research conducted by Rothwell (2011) employee replacement in the organization is a process of identifying employees who will take responsibility in a critical position, planned employees as replacements be prepared to replace permanently which is focused on consideration in talent management.

Scullion & Collings (2010) talent management emerged as an important element of strategic human resource management in companies, talent management covers all organizational activities for the purpose of attracting, selecting, developing and retaining the best employees in the most strategic role (the role needed to achieve an organization's strategic priorities). Iles, Chuai, & Preece (2010) talent management has been conceptualized by identifying four main perspectives: exclusive-people; exclusive-position; inclusive-people, and social capital, talent management is not seen as an effort by human resource professionals to increase legitimacy, status and credibility but as a different approach for human resource management which is expected to make a difference for success and organizational competitive advantage. The implementation of talent management in SOEs is carried out through stages; 1). The collection consists of talent management planning, identification of talents, selection of priority positions and talent rights and obligations, assessment and selection, 2). Talent pool management is aimed at developing talent is the process of initiating talent, the talent development process, the talent evaluation process and talent forum, 3). Alignment with Career & Succession Management is placement, development, assessment and profiling, and career movement, 4). Talent engagement and retention, 5). Talent transition consisting of talent risk management, alumni talent, exit activity execution.

The implementation of talent management is focused on employees who have great competence so as to enter the talent management system. The role of competence in talent management can be seen in decisions about who will be

employed, developed, deployed, promoted, or excluded from the organization. Competence allows identifying, observe, and measure attitudes and behaviors that employees need in talent management. Employees who have high competence in organizations can improve talent management, according to Rutledge, LeMire, Hawks, & Mowdood (2015) application of competencies as part of the talent management process, competence is the process of forming cohesive talent management. Nikitinsky (2018) Competence is an old study, but in talent management, competence is a formal approach organized to ensure that employees have the necessary talent to fulfill company goals. Wuim-pam (2014) competence is at the heart of talent management. Competence is a consistent way of binding and integrating processes in the organization's talent management.

The research on talent management and competence very interesting to be studied and studied further, therefore, it can be seen that the purpose of this study is to determine the application of talent management through employee competencies in State-Owned Enterprises.

2. Literature review

2.1. Talent Management

Hatum (2016) talent is a skill or ability possessed by someone to perform certain tasks. Talents can be found at every level of the organization, while talent management is a strategic activity that is aligned with the company, business strategy and objectives to attract, develop and retain people at every level of the organization. Talent management emphasizes the importance of talent in organizations. Wuim-pam (2014) talent management was created by McKinsey & Company after research conducted in 1997 which is implementation of the strategy or integrated system which is designed to increase productivity at work with processes; attract, retain and utilize people with the skills and talents needed to meet current and future business needs.

Silzer & Dowell (2014) talent management is defined as a series of integrated cultural processes, programs and norms in the organization that was designed and implemented to attract, develop, spread and retain talent to achieve strategic objectives and meet future business needs. Armstrong (2011) talent management process is developing the organization as an appropriate place for work; use selection and recruitment procedures; design work and provide opportunities to apply and develop skills; provide opportunities for career development and growth; creating a work environment. Glenn (2012) The development of organizational talent management uses various tools to develop talented employees, including activities at the end of learning and development continuum training (formal learning opportunities in post-school institutions and job specific training) for workplace learning (coaching and mentoring), for job changes and redesign (assignments, special assignments and projects).

According to Minister of SOE regulation No. PER-03 / MBU / 10/2019 talent management is a guideline for management and career development of employees to realize the vision, mission of SOEs through the placement of employees who have the best talent to fill priority positions and to formulate planning that is objective, planned, measurable and accountable. The SOEs talent management process is carried out through; 1) Talent planning; 2). talent identification; 3). critical job selection; 4). Talent rights and obligations; 5). Assessment and selection. Iles et al., (2010) talent management is more than just human resource management, leadership development initiatives or succession planning. Talent management is a collective approach to recruiting, retain, and develop talent in the organization for its future benefits. Four talent management perspectives are measured based on:

1. Exclusive-people perspective. This perspective is about people with high potential or high performance. This perspective does not take into account a position, but several individual talents who are seen as having extraordinary competence and ability and hence can increase the company's competitive advantage.
2. Exclusive-position perspective. This perspective focuses on identifying important positions in the organization, usually called an exclusive position because only selected staff occupy these positions and who is considered talented.
3. Inclusive-people perspective. Contrary to the first and second ones which focus on several people or positions. This perspective is formed on the premise that everyone in the organization has talent because they all have a role to play to contribute to organizational success.
4. Social capital perspective. The first three perspectives explained above concentrate on individual talents and ignoring the (complex) organizational structure in which individuals work.

These four perspectives show how organizations struggle to choose an approach, or how experts find difficulties in recommending what should be the focus of a talent management program.

2.2. Competence

Rutledge et al., (2015) competency models have often been used in human resource studies and serves as the basis of talent management. Competence is the foundation of a talent management system. Taylor & Lee (2014) talent management activities include recruitment, retention, employee involvement, job classification management, compensation management, performance appraisal, competence, professional development planning, and succession planning. Overall, these activities create a system where needs, values, expectations, performance, and rewards are aligned. Competence is an integral part of talent management because they function as a consistent and objective basis to make decisions about employee recruitment, promotion, evaluation and development. Taylor & Lee individual competencies can be measured through: 1). Personal skills: individual skills related to employee performance. 2). Interpersonal skills: skills that allow a person to interact positively and work effectively with others. 3). Lifelong Learning / Continuing Education: informal learning opportunities throughout the individual's career to foster sustainable development and increased knowledge, skills needed for employment and personal fulfillment.

Wuim-pam (2014) defines competence as knowledge, skills, abilities, individual attributes and employee recognition and appreciation measurable or observable for the success of a job. 1). Knowledge: awareness of facts, truths, and principles gained from formal training and experience. 2). Skills: skills or dexterity developed in mental operations or physical processes that are often obtained through special training. 3). Ability: strength or ability to carry out physical activities or mentality that is often affiliated with the profession. 4). Individual attributes: property, quality, or individual characteristics which reflects someone's unique personality. 5). Individual Recognition and Appreciation: individually reward the source of expertise which is a strong foundation for individual performance involvement.

2.3 Research Framework

Research talent management and employee competencies are expected to contribute in the application of research results. Figure 1 shows framework for thinking on the implementation of talent management through employee competence in State-Owned Enterprises

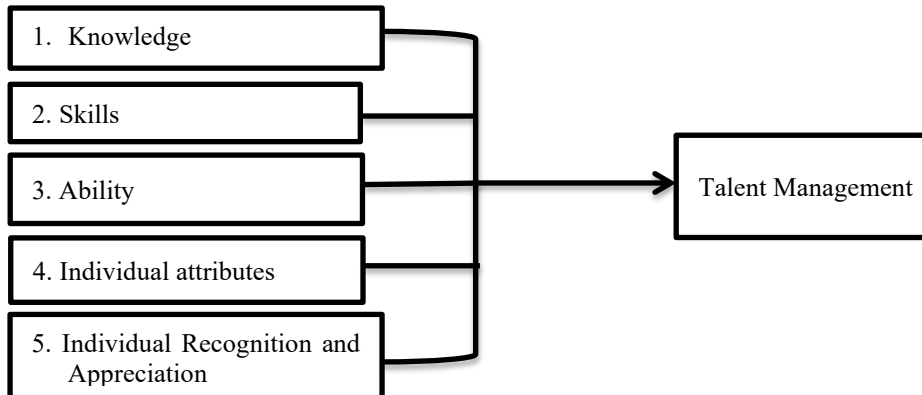


Figure 1 Framework for Thinking on the Implementation of Talent Management through Employee Competence in State-Owned Enterprises

2.4 Hypothesis

The hypothesis formulation is: "Employee competence has a positive and significant influence in the application of talent management in State-Owned Enterprises".

3. Methodology

The research design is descriptive with a quantitative approach. The target population is employees of State-Owned Enterprises in Indonesia with a total sample of 267 employees. The data needed to test the hypothesis is primary data obtained by distributing questionnaires to respondents. Data analysis tools in this research are Partial Least Square (PLS), the software used is smart-PLS. Table 1 shows operational variables ;

Table 1. Operational variables

Variable	Dimension	Scale	No. Item
Talent Management	1. Exclusive-people perspective 2. Exclusive-position perspective 3. Inclusive-people perspective 4. Social capital perspective	Ordinal	1-15
Employee competence	1. Knowledge 2. Skills 3. Ability 4. Individual attributes 5. Individual Recognition and Appreciation	Ordinal	16-24

4. Research result

4.1 Competency Description

Competence is measured by knowledge, skills, abilities, individual attributes, individual recognition and appreciation, from the results of data processing it can be obtained competency description SOE employees. Table 2 shows competency description;

Table 2 Competency Description

I. Employee competence (X)	No Item	Score Actual	Score Max	Score Level	Information
1. Knowledge	X1.1	1186	1335	88.83895	the highest
	X1.2	1129	1335	84.56929	the highest
TOTAL	X1	2315	2670	86.70412	the highest
2. Skills	X2.1	1139	1335	85.31835	the highest
	X2.2	1094	1335	81.94757	high
TOTAL	X2	2233	2670	83.63296	high
3. Ability	X3.1	1085	1335	81.27341	high
	X3.2	1123	1335	84.11985	the highest
TOTAL	X3	2208	2670	82.69663	high
4. Individual attributes	X4.1	1118	1335	83.74532	high
	X4.2	1087	1335	81.42322	high
TOTAL	X4	2205	2670	82.58427	high
5. Individual Recognition and Appreciation	X5.1	1101	1335	82.47191	high
	X5.2	1102	1335	82.54682	high
TOTAL	X5	2203	2670	82.50936	high
TOTAL	X	11164	13350	83.62547	high

SOE employee competencies are high scores meaning that overall SOE employee competencies have been highly implemented in knowledge, skills, abilities, individual attributes, individual recognition and appreciation. This can be described as follows:

1. Knowledge: overall is at a highest level score employees receive training to increase knowledge and employees have formal experience in increasing their knowledge.
2. Skills; is at a high score level where employees have skills which was developed through special training and skills that employees have is a physical process implemented by the company.
3. Ability; is at a high score level where employees have the ability to carry out physical activities applied by the company and employees have a strong mentality to be affiliated with the profession in the company.
4. Individual attributes; is at a high score level where employees have qualities that reflect as Individuals who are able to work in companies, employee characteristics reflect a unique personality.
5. Individual recognition and appreciation; is at a high score level where employees get recognition individually on the expertise that employees have get an award in every performance engagement.

4.2 Description of Talent Management

Talent management is measured from exclusive individual perspective, exclusive position perspective, individual-inclusive perspective, and social capital perspective from the results of data processing. We can obtain a description SOE employee talent management. Table 3 shows descriptions of talent management;

Table 3 Descriptions of Talent Management

Talent Management (Y)	No Item	Score Actual	Score Max	Score Level	Information	
1. Exclusive-people perspective	Y1.1	1116	1335	83.59551	high	
	Y1.2	1099	1335	82.3221	high	
TOTAL Y1		2215	2670	82.9588	high	
2. Exclusive-position perspective	Y2.1	1058	1335	79.25094	high	
	Y2.2	1067	1335	79.92509	high	
TOTAL Y2		2125	2670	79.58801	high	
3. Inclusive-people perspective	Y3.1	1074	1335	80.44944	high	
	Y3.2	1133	1335	84.86891	the highest	
TOTAL Y3		2207	2670	82.65918	high	
4. Social capital perspective	Y4.1	1104	1335	82.69663	high	
	Y4.2	1086	1335	81.34831	high	
TOTAL Y4		2190	2670	82.02247	high	
TOTAL		Y	8737	10680	81.80712	high

The talent management of SOE employees is in a high score meaning that the overall management of the talent of SOE employees has been implemented high on an exclusive individual perspective, an exclusive position perspective, an individual-inclusive perspective, and a social capital perspective. This can be described as follows: 1. Exclusive-people perspective is at a high score level where employees have high performance to increase the competitive company, employees have competence and exceptional ability to increase company excellence. 2. Exclusive-position perspective is at a high score level where employees focus on identifying important positions within the company, exclusive positions are only occupied by selected employees. 3. Inclusive-people perspective is at a high score level where every employee has the talent the company needs, employees have a role to contribute to the company's success. 4. Social capital perspective is at a high score level where employees have an effective function in social groups through interpersonal relationships, norms, cooperation and feedback. Social capital owned by employees is visible in every working relationship in a larger group.

4.3 Test the validity and reliability

Questionnaire processing results based on the answers of respondents in SOEs show that the construct of knowledge, skills, abilities, individual attributes, individual recognition and appreciation. Table 4 shows knowledge, skills, abilities, individual attributes, individual recognition and appreciation, talent management of SOE employees;

Table 4 Knowledge, skills, abilities, individual attributes, individual recognition and appreciation, talent management of SOE employees

	1. Knowledge	2. Skills	3. Ability	4. Individual attributes	5. Individual recognition and appreciation	Talent Management
X1.1	0.916					
X1.2	0.944					
X2.1		0.917				
X2.2		0.889				
X3.1			0.912			
X3.2			0.928			
X4.1				0.901		
X4.2				0.907		
X5.1					0.924	
X5.2					0.915	

	1. Knowledge	2. Skills	3. Ability	4. Individual attributes	5. Individual recognition and appreciation	Talent Management
Y1.1						0.851
Y1.2						0.858
Y2.1						0.767
Y2.2						0.728
Y3.1						0.760
Y3.2						0.867
Y4.1						0.879
Y4.2						0.809

The next stage is unidimensionality testing is to measure whether there is a problem in construct measurement, done by testing the reliability of composite reliability and cronbach's alpha. Composite reliability value is said to meet the category of the composite reliability value > 0.7 then in the study of the value of composite reliability for each construct knowledge, skills, abilities, individual attributes, individual recognition and appreciation, talent management of SOE employees. Table 5 shows composite reliability;

Table 5 Composite Reliability

	Composite Reliability	Cronbach's Alpha
1. Knowledge	0.928	0.845
2. Skills	0.899	0.775
3. Ability	0.917	0.818
4. Individual attributes	0.899	0.776
5. Individual recognition and appreciation	0.916	0.817
Talent Management	0.941	0.928

The results of reliability testing on composite reliability and cronbach's alpha for all constructs, knowledge, skills, abilities, individual attributes, individual recognition and appreciation, talent management SOE employees indicate that all values are above 0.7 and reliability testing on composite reliability meets the reliability value category requirements. Reliability testing on Cronbach's alpha all values are above 0.6 has fulfilled the reliability value category which proves that the measurements in this study are reliable.

4.4 Application of talent management through employee competence in State-Owned Enterprises

The application of talent management in SOEs through employee competencies has been implemented in SOEs, the magnitude of the implementation of employee competencies in the application of talent management can be seen from the magnitude of the influence of construct constructs that affect competence and the magnitude of the employee's competency coefficient on talent management. Figure 2 shows path coefficients of employee competencies towards talent management;

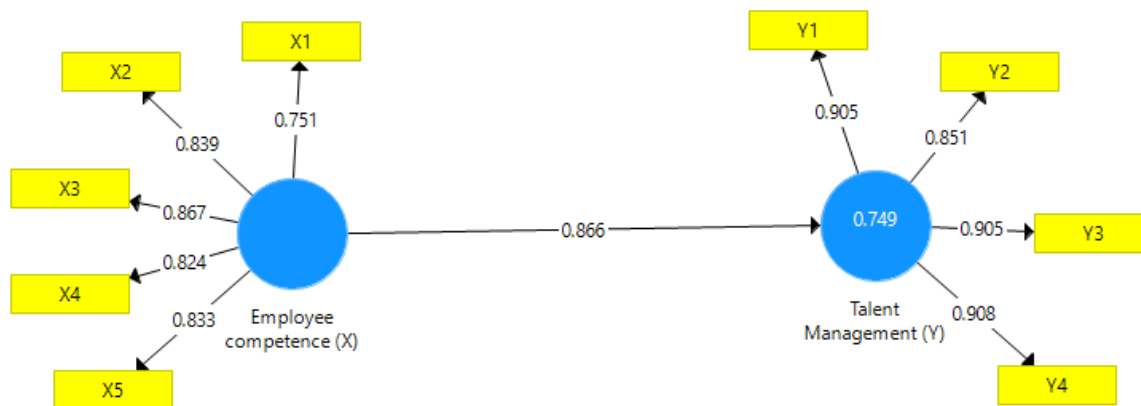


Figure 2 path coefficients of employee competencies towards talent management

Employee competency is measured through knowledge, skills, abilities, individual attributes, individual recognition and appreciation. Ability (X3) is the biggest influence in employee competence that is equal to 0.869 which means that SOE employees have the ability to carry out physical activities applied by the company and employees have a strong mentality to be affiliated with the profession in the company. Skills (X2) that is equal to 0.839 which means that SOE employees have skills developed through special training and skills that employees have is a physical process implemented by the company. Individual recognition and appreciation (X5), amounting to 0.833 which means employees get recognition individually on expertise, and employees get awards in every engagement in performance. Individual attribute (X4) that is 0.824 which means that employees have qualities that reflect as individuals who are able to work in the company and employee characteristics reflect a unique personality, and the last one that affects employee competency is; Knowledge (X1) that is equal to 0.751 which means employees get training to increase knowledge and employees have formal experience in increasing knowledge is the last construct that affects the competence of employees in SOEs.

Talent management is measured through exclusive individual perspective, exclusive position perspective, individual-inclusive perspective and social capital perspective. The social capital perspective (Y4) is the biggest construct that affects talent management in the amount of 0.908 which means that employees have effective functions in social groups through interpersonal relationships, norms, cooperation and feedback, and social capital employees have seen in every work relationship in a larger group. The perspective of the exclusive individual (Y1) and the perspective of the individual-inclusive (Y3) have an equal influence in influencing talent management that is equal to 0.905 which means that the perspective of an exclusive individual where employees have high performance to enhance the company's competitive and employees have extraordinary competence and ability in increasing company excellence, on an individual-inclusive perspective where every employee has the talent the company needs and employees have a role to contribute to the company's success. The exclusive position perspective (Y2) is the last construct that affects talent management where employees focus on identifying important positions within the company and exclusive positions are only occupied by selected employees.

The magnitude of the parameter coefficient for the construct of employee competence on talent management is 0.866 can be interpreted that employee competencies make a positive contribution to talent management in other words the increasing competency of employees will improve the talent management of SOE employees.

4.5 Hypothesis test

Testing statistical hypotheses can be seen through output parameters. Table 6 shows test the hypothesis in the total effects;

Table 6 Test the hypothesis in the total effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics (O/STDEV)	P Values
Employee Competency \rightarrow Talent Management (Y)	0.870	0.870	0.029	30.297	0.000

Hypothesis: Competence has a positive and significant influence on the talent management of employees of State-Owned Enterprises. Based on total effects, the t-statistic value is obtained < 1.96 which is 30,297 thus it can be said that employee competencies have a positive and significant influence on talent management. This means a hypothesis which states that employee competencies have a positive and significant influence towards talent management received strong support in a State-Owned Enterprise (Hypothesis acceptable).

4.6 Discussion

Talent management which is a social capital perspective, an exclusive individual perspective, an individual-inclusive perspective and an exclusive position perspective implemented through employee competence through abilities, skills, recognition and individual rewards, individual attributes and knowledge. Employees have the ability to carry out physical activities in the company and employees have a strong mentality to be affiliated with professions in SOEs. SOE employees have skills developed through special training and skills possessed by employees are physical processes applied by SOEs, employees get individual recognition for their expertise, and get an award for every engagement in performance, the qualities possessed by employees reflect as Individuals who are able to work in SOEs and employee characteristics reflect a unique personality.

Employees receive training to increase knowledge and have formal experience in increasing knowledge. The application of talent management can be seen from the effective function in social groups through interpersonal relationships, norms, cooperation and feedback, social capital owned by employees is seen in every working relationship in a larger group. Employees have high performance to increase the company's competitive and employees have extraordinary competence and ability in increasing company excellence. Employees have the talents that the company needs and employees have a role to contribute to the company's success. Employees focus on identifying important positions within the company and exclusive positions are only occupied by selected employees. The higher the competency of employees, the greater the application of talent management in SOEs.

5. Conclusion & Suggestions

Application of talent management through employee competencies has been implemented highly. Employee competence has a positive and significant impact on talent management, the higher the competency of employees, the greater the application of talent management in SOEs.

Application of talent management through employee competence dominated by the ability of employees so that effective functions in social groups can be applied, then to improve the ability of employees, other competencies such as: skills, Individual recognition and appreciation, individual attribute and knowledge can be a factor that determines the ability of employees in applying talent management, so employees have high performance, possesses the talent needed by an SOE. The exclusive position is only occupied by selected employees.

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Biographies

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