

Critical Dimensions of Talent Farming Towards Organizational Performance: A Perspective of Manufacturing SMEs in Malaysia during Covid-19 Pandemic

Shanmuganathan Palanisamy

Universiti Sains Malaysia, Penang, Malaysia

Email: shan.palanisamy@student.usm.my

Shankar Chelliah*

Universiti Sains Malaysia, Penang, Malaysia

Email: shankar@usm.my

Rajendran Muthuveloo

Universiti Sains Malaysia, Penang, Malaysia

Email: rmuthuveloo@gmail.com

** Corresponding Author*

Abstract

Purpose - To study the importance and performance of the four dimensions of Talent Farming on manufacturing SMEs' organizational performance during the COVID-19 pandemic.

Design/methodology/approach – A survey comprising a total of 149 responses from a cross-sectional survey from Malaysian manufacturing SMEs and using the importance-performance matrix analysis (IPMA) as an analysis method.

Findings - The IPMA results identified Talent Harnessing as the most important Talent Farming dimension while the highest performance belongs to Talent Retention of Talent Farming critical dimensions for the organizational performance of manufacturing SMEs in Malaysia amidst the Covid-19 pandemic.

Originality/value – Enhances further the novelty of Talent Farming critical dimensions that complement the traditional talent management approach to enable organizational performance.

Keywords: Talent Farming, Organizational Performance, I-TOP Strategic Agility Model, SME, IPMA

Introduction

The Covid -19 pandemic significantly contracted the global economy due to various types of lockdowns and movement restrictions enforced across the world. Pointedly, the most affected due to these restrictions and movement control are small and medium enterprises (SMEs) (Bularafa & Adamu, 2021; Alves et al., 2020). During the pandemic, there was a mix of results of performance and sustainability of SMEs. The sustainability and growth of any organization depend very much on deploying the right talents at the right place and time. Talent resources within an organization

are considered vital assets during the crisis to drive a sustainable differentiator advantage and excellent organizational performance (Rafliis et al., 2020; Lim & Teoh, 2021). Under a post-pandemic with constraints on competing for the right skill sets and competencies, SMEs are forced to adopt a new strategic talent management approach to sustain and perform (Islam et al., 2020; Gregurec et al., 2021).

The accelerated drive and attention on talent readiness towards new opportunities created a post-pandemic created new challenge to business stakeholders and compelled HR managers to recognize the importance of a talent nurturing program. This new demand has forced human resource management (HRM) to react and adjust to this extraordinary situation in the post-pandemic era by acquiring or investing in developing new talent when unable to reskilling and upskill existing resources (Carnevale & Hatak, 2020; Gigauri, 2020). However, it is observed that the current talent management practices do not meet the business needs of the post-pandemic as most SMEs have faced cash flow shortfalls to compete to attract new talents by competing with MNCs (Aina & Atan, 2020; Aguinis & Burgi-Tian, 2021).

Therefore, SMEs need to adopt a new creative talent management approach by farming their own new breed talents to avoid talent war with MNCs and harness them to their fullest capacity. However, these challenges remain the most neglected component within talent management in Malaysian SMEs until today (Muthuveloo & Ping, 2020). To discern the importance of the Talent Farming critical dimensions which were conceptualised by Palanisamy et al. (2021), this study adopted the importance-performance matrix analysis (IPMA) as an analysis method. The foundation to form the research model for this study is based on the I-TOP model which demonstrated people's influence on organizational performance in any business landscape (Muthuveloo & Ping, 2020). As SMEs are the backbone of Malaysia GDP, the focal point of this study would be on manufacturing SMEs in Malaysia. The findings further assist the business stakeholders of Manufacturing SMEs in Malaysia to propose adequate talent improvement programs during or post-crisis. Hence, the subsequent section will be detailed further on the Talent Farming dimensions and the I-TOP model as a foundation for the framework.

Literature Review

Talent Farming

In today globally volatile business environment, management of talent become a vital function in the organization for business continuity. Even more, when an unprecedented event like a pandemic, which creates ambiguity and uncertainty for many organizations, especially SME organizations (Aina & Atan, 2020). Talent management has become even more critical to sustain and maintain competitive advantage due to restrictions measures and stringent standard operating procedures (SOP) (Suroso et al., 2017; Hamadamin & Atan, 2019). For these reasons, SMEs organizations have become more sensitive in aligning and implementing new management strategies involving talent resources to meet the global market expectations for organizational performance (Pauli & Poczowski, 2019; Whysall et al., 2019; Salamzadeh et al., 2019; Tajpour et al., 2020). Similar findings from recent studies also concur that the disruption of pandemics had pushed the business stakeholders to revisit their current talent management approach to be more relevant to sustainable needs (López-Pérez et al., 2020; Khai et al., 2020). Therefore, it is suggested that organizations should understand their core competencies and prioritization of resources to outpace their competitors (Rehman et al., 2019; Nangia & Mohsin, 2020).

Under this current dynamic environment, talent management practices should be more sensitive in sensing the mismatch skills and identifying employee's deficiencies promptly to sustain the

organization for organizational performance (Muthuveloo & Ping, 2020). A new approach in the HR department is to pay more attention to internal and external changes in the organization to retain, reskill, upskill and attract new talents to sustain competitive advantage (Puhovichova & Jankelova, 2020). In the competitive labor market, especially the post-pandemic demand skill sets based on specific technologies, a new enhancement and complement on current talent management practices called Talent Farming which were conceptualised by Palanisamy et al. (2021) need to be created to stay competitive and sustainable for better organizational performance.

Most organizations are inclined to concentrate on managing internal resources and less emphasis on “farming” new breed talents crop. Due to the talent war within the industry pool for scarce talented resources with specific skillsets, SMEs have been constrained to self-harness the internal talent pool, be it from the current talent pool in the organization or forced to compete to attract or acquire new talent from external sources. At the same time, actions are taken to continue efforts to replace unproductive talent to explore new opportunities under post-pandemic or new normal. That, it is this self-farming for self-sustaining, which is conveniently called “Talent Farming”.

According to Palanisamy et al. (2021) study, it appears that there are at least four critical dimensions under Talent Farming namely Talent Harnessing, Talent Acquisition, Talent Retention and Talent Displacement able to enhance talent management practices to influence SMEs organizational performance.

I-Top Model Strategic Agility Model

The I-TOP strategic agility model was conceptualized by Muthuveloo & Ping (2020) to address the limitations of the market-based model and the resource-based model. This model guides the alignment of the internal resources and capabilities with technologies and people while continuously sensing the business landscape changes.

I-TOP acronyms are defined as :

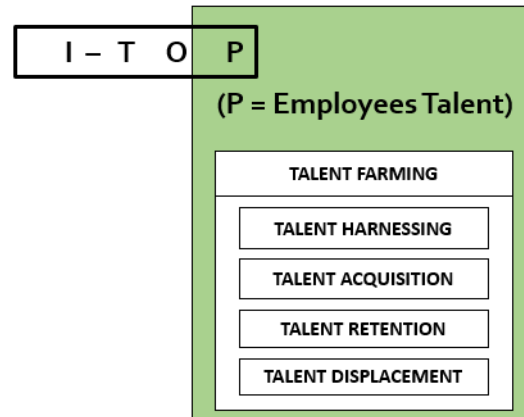
- I-Return on Investment
- T-Technology Infinite Possibilities
- O-Outright Environmental Scanning
- P-People (Human Capital Development)

As the business investment needs to be based on the economic scale, the I-TOP model becomes a vital tool to guide the organization for the optimization of ROI. Adoption using the I-TOP model in a different business environment demonstrated in Muthuveloo & Ping (2020) study. This model demonstrated how the organisation should optimise the Return of Investment on Technology and People by timely sensing the business environment changes and executing the appropriate responses. With the right human resource with the capability of sensing correctly to deploy the right technology with the right investment, an organization would be able to innovate and produce new ideas to capitalize on the opportunity even during a crisis like a pandemic.

Framework Development

The main goal of this research is to study especially the performance and importance of critical talent dimensions of Talent Farming, which had been demonstrated to have a significant positive influence on organizational performance according to Palanisamy et al. (2021) and Muthuveloo & Ping (2020). Therefore, to study the criticality of these four dimensions of Talent Farming, a conceptual framework is provided as shown in Figure 1.

Figure 1. The theoretical framework of this study



Research Methodology

The research methodology employed in this study is elaborated in the following sections.

Analysis Method

The importance-performance matrix analysis (IPMA) is a technique to assist an organization to formulate and develop its management strategies. IPMA help to highlight the required immediate actions for management to prioritize and help to identify the most important areas for specific actions in a specific situation. These findings from IPMA analysis are very resourceful in practical studies as they assist to identify the impact of the critical dimensions on the phenomena. This technique has been adopted and slowly making its momentum as part of analysis tool in many research studies in other sectors which were highlighted in García-Fernández et al. (2020) study. There are major three justifications to adopt to this study. Firstly, IPMA assists the management in decision making. Secondly, IPMA is a resourceful tool to guide managers in prioritizing the available resources within an organization. Thirdly, IPMA help to formulate guidelines for performance evaluation on organization resources investment (Streukens et al., 2017). In short, IPMA will be able to provide a guideline on where an organization should focus its attention for better sustainability on the organizational performance. Based on these justifications, this study will leverage the IPMA analysis technique to identify the relationship within Talent Farming critical dimensions.

Population and Sample Size

This study is based on the organizational performance of Manufacturing SMEs in Malaysia, whereby the unit of analysis is the organization. The respondents for the survey are from Manufacturing SMEs in Malaysia. SME classifications for manufacturing are defined by Malaysia SME Corp as shown in Table 1 below.

Table 1. Definition and categorization of SMEs

	Micro	Small	Medium	Total
Textiles & wearing apparel	7,428	1,236	38	8,702
Food & beverages product	4,396	3,374	522	8,292
Fabricated metal product, except machinery & equipment	2,282	2,769	233	5,284
Machinery & equipment incl. repair & installation	1,678	2,930	135	4,743
Printing and reproduction of recorded media	1,558	1,572	64	3,194
Furniture	891	1,494	102	2,487
Rubber & plastics product	317	1,793	336	2,446
Other non-metallic mineral product	588	1,252	159	1,999
Wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	492	1,104	141	1,737
Computer, electronics and optical products, electrical equipment	285	1,198	218	1,701
Others	2,168	4,374	571	7,113
Total Manufacturing SMEs	22,083	23,096	2,519	47,698

Source: Department of Statistics, Malaysia 2020

Sampling Technique and Data Collection Method

For the purpose of practicality and to cater to the pandemic restriction movement, this study is based on the purposive non-random method. The survey through Google Survey Forms was done in various companies across different topographical states in Malaysia to minimize the effect of biased sampling. It is a cross-sectional study based on a one-time data collection time horizon between October to December 2020 during the pandemic period. A total of 149 responses out of 510 distributed were received which reflects a 29.2 % response rate.

Table 2. Summary of response rates

State	Number of SME	Target stratified sample	No. of questionnaire sent out	Responses Received	Rejected
Selangor	9,530	24	84	25	
WP Kuala Lumpur	5,185	13	73	14	
Johor	7,787	20	80	26	
Perak	4,298	11	21	13	1
Pulau Pinang	4,021	10	70	42	2
Sarawak	2,512	6	16	1	1
Sabah	1,751	4	14	1	1
Kedah	3,214	8	68	12	
Kelantan	1,830	5	15	2	
Pahang	1,752	4	14	2	
Negeri Sembilan	1,826	5	15	4	
Melaka	1,479	4	14	6	
Terengganu	2,010	5	15	1	2

Perlis	370	1	11	0	1
WP Labuan	117	0	0	0	
WP Putrajaya	16	0	0	0	
TOTAL SMEs	47,698	120	510	149	8

Findings

For this study, the analysis focuses on IPMA findings on the performance and importance of critical Talent Farming dimensions as depicted in Figure 2.

Figure 2. Talent Farming Dimension (adapted from Palanisamy et al., 2021)

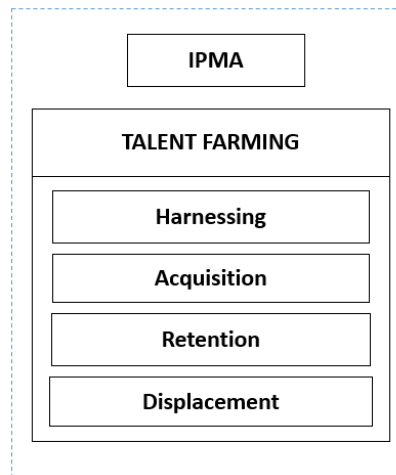
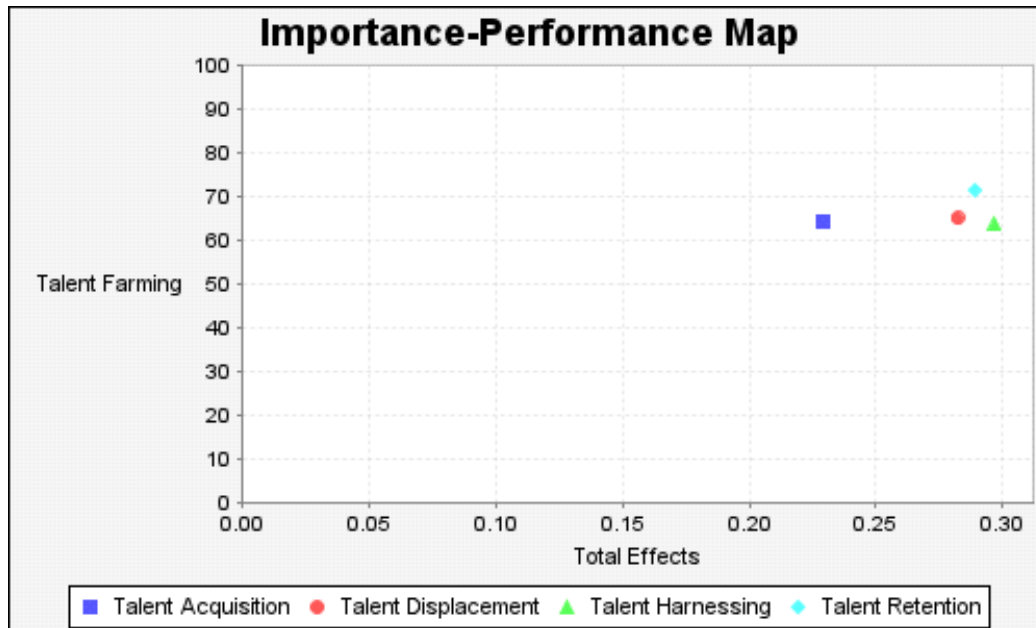


Table 3. Result of Importance-Performance Matrix Analysis (IPMA)

	Importance	Performance
1.Talent Harnessing	0.297	63.806
2.Talent Acquisition	0.229	64.046
3. Talent Retention	0.289	71.636
4. Talent Displacement	0.282	65.029

Figure 3. Importance-Performance Matrix Analysis Map for Talent Farming



It is evident from the IPMA analysis in Table 3 that Talent Retention is the highest performance. Meanwhile, the variables with the highest importance are different, as the top highest importance is Talent Harnessing. However, all Talent Farming dimensions considerably show high performance. Figure 3 establishes that the Talent Harnessing factor was the most effective factor with the importance value (0.297) and performance value (63.806) followed by the Talent Retention factor with importance value (0.289) and performance value (71.636). These two factors are regarded more effective than other factors. Talent Displacement was the third effect factor with the importance value (0.282) and performance value (65.029), while the fourth effective factor was Talent Acquisition with importance value (0.229) and performance value (64.046) respectively.

Discussion and Conclusion

IPMA analysis finding highlight the importance for organizations to focus on all talent farming dimensions to support them build well-organized and robust talent performance-based effects priorities as highlighted above. For effective Talent Farming during the crisis, IPMA illustrated cluster (Talent Harnessing, Talent Retention and Talent Displacement) should be the highest attention by management for better results to sustain, while Talent Acquisition has less effect during a crisis. This goes to show that for manufacturing SMEs in Malaysia to sustain better during a crisis, it first maximizes the current resources through harnessing them to the fullest potential to contribute through reskilling and upskilling especially during a crisis where digitalization accelerated in the business process due to restrictions movement which forces employees to work from home (Bularafa & Adamu, 2021; Alves et al., 2020). Digital acceleration compels an organization to revisit business operations via e-commerce and hybrid work from the home approach which led to harnessing internal employees to more digital incline competencies (Khai et al., 2020). During a crisis such as now, many manufacturing SMEs faced cash flow challenges that forced SMEs to focus on internal talent and harness it to the fullest. Secondly, Talent Retention becomes a critical measure during the crisis for business continuity (Styaningrum et al.,

2020). Thirdly, most SMEs which tend to be non-essential are not allowed to operate during the lockdown and/or operate with less capacity to work due to directives led to cash flow bleeding due to lack of reserves (López-Pérez et al., 2020). As a majority of OPEX costs tend to be salaries related, most manufacturing SMEs are forced to look to displace some talents that are not productive, redundant, unable to be reskilled or unskilled (Aguinis & Tian, 2021). Hence, Talent Displacement is unavoidable to sustain an organization during a pandemic. Finally, as manufacturing's biggest challenge is cash flow, focusing on Talent Acquisition was the least exercise undertaken during the pandemic. Nevertheless, once business slowly resumes back, the appropriate ideal exercise is to acquire the talents needed to replace those displaced earlier for full business continuity.

In conclusion, this study has examined the effect of four talent dimensions on Talent Farming and proceeded to undertake IPMA analysis to pinpoint variables with those of relatively high importance and relatively low performance. The study amplifies further previous literature on Talent Farming critical dimensions consisting of Talent Harnessing, Talent Acquisition, Talent Retention and Talent Displacement as important to organizational performance. The IPMA also revealed Talent Harnessing as the most important Talent Farming dimension, followed by Talent Retention, Talent Displacement and then Talent Acquisition. Hence, it is concluded that Talent Acquisition is receiving relatively low importance within Talent Farming dimensions during the pandemic. The study also concludes that the Talent Harnessing performance is highest within Talent Farming, followed by Talent Retention, Talent Displacement and then Talent Acquisition. IPMA is a powerful tool that assists to highlight principal areas where managerial attention is required for maximizing the effectiveness of Talent Farming. This study serves as one of the recent investigations under a pandemic scenario that have uniquely employed on undertaking IPMA analysis to identify Talent Farming dimensions' focus to the Manufacturing SMEs in Malaysia.

Theoretical Implications

This study further enhances the I-TOP Strategic Agility Model on the people or talent prioritization focus for organizational performance. Although previous studies were conducted on talent management and organizational performance, this study extends on the new complementary theme of talent management through the Talent Farming concept and on how its critical dimension's prioritization can influence organization performance during crisis or post-crisis.

Practical Implications

Analyzing through IPMA techniques provides more insight on the prioritizing on where management should focus on their talent-related programs or investment. This study helps managers to set better priorities and appropriately allocate their talent pool to fullest optimization especially during crises and also when the business environment stabilizes.

Limitations and Suggestions for Future Research

The present study has theoretical limitations during pandemic movement control enforced by the Malaysian government, which lead to a self-reporting survey and a purposive non-random sampling technique which could add to common method bias. It is recommended a further survey done in post-pandemic to access again on the performance and importance of Talent Farming dimensions' prioritization under new situational environment.

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