

## FACTORS AFFECTING TALENT MANAGEMENT STRATEGIES IN CONSTRUCTION COMPANIES

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**Abstract:** Business competition in construction companies is getting tighter and human resource management is one of the essential things in supporting the company's competitiveness. The right strategy is needed if a company wants to build a strong team by forming highly talented people in a company. This study aims to analyze the influence of management commitment, organizational culture, reward system, career management, and knowledge management on talent management strategy. The method used in sample selection is a non-probability method with purposive sampling technique and the population is employees who work in the offshore construction industry in Batam. This study uses a questionnaire to frontline management employees of the offshore construction industry and the rate of return of the questionnaire is 50 sheets. The statistical method used to test the hypothesis is multiple regression using the SPSS program. The results of the research conducted indicate that the management commitment and knowledge management variables have a significant positive effect on the talent management strategy, while the organizational culture variables, reward systems, and career management do not have a significant positive effect on the talent management strategy.

**Keywords:** Management Commitment, Organizational Culture, Reward System, Career Management, Knowledge Management, Talent Management Strategy

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### INTRODUCTION

With the formation of AFTA and the ASEAN Economic Community, of course, it will also have an impact on the emergence of opportunities, challenges and threats for companies in Indonesia. With the opening of business opportunities, there will be challenges and threats from various sides, such as the competitiveness of human resources. Indonesia's human resources are being threatened from various sides, including the integration of labor mobility in the ASEAN region through the agreement to enforce the Asean Economic Community (AEC), increasingly developing technology and free trade which has led to an influx of foreign products in Indonesia.

The main objective of any organizational strategy is to increase the effectiveness and efficiency of operations that can lead to the organization being successful. Talent

management is essential when an organization wants to build a winning team that will be formed by talented people. Organizations will use these types of teams to solve problems or correct deficiencies in their respective departments. For example, if there is a problem in the finance department, the organization will build a team to solve the problem and solve it, because they are competent people and have experience in their field (Davis et al., 2007). The strong talent system may be helpful to management in seeking to establish a degree of consistency necessary to achieve desired firm outcomes through human capital, while allowing flexibility particularly in the context of global business and workplaces in today's connected world economies (Karin A. King, 2017).

The company's mission, strategy and key long-term goals are heavily influenced by the personal goals and

values of the Chief Executive Officer (CEO). Paul (2005) asserts that successful strategy implementation is directly related to the unique characteristics, orientation, and actions of the CEO. According to Bartlett (1998), the main concern of top management in implementing strategy, especially if it involves major changes, is that the right manager is in the right position for the new strategy. Confidence in individuals occupying important managerial positions directly and has a positive correlation with top management's expectations that the strategy can be implemented. According to Johnson and Scholes (2010), in every organizational culture, what makes organizations work are formal and informal organizational processes. This process can be thought of as a control over the organization's operations and can assist in translating strategy into action.

The purpose of this study is (1) to analyze whether there is an influence between management commitment and talent management strategy, (2) to analyze whether there is an influence between organizational learning and talent management strategy, (3) to analyze whether there is an influence between the reward system and the talent management strategy, (4) to analyze whether there is an influence between career management and talent management strategy, and (5) to analyze whether there is an influence between knowledge management and talent management strategy.

According to Bodjrenou, K., Xu, M. & Bomboma, K (2019), employers should also take into consideration talents or valuable employees capable of adding value to their organization. More attentive care should be given to such employees so as to retain them and avoid the waste of resources on employees who are less likely to contribute significantly to the achievement of the objective of their organization.

Mindak and Anderson (2001) stated that complex attitudes can be

better understood by recognizing that each attitude has three different components, namely cognitive, affective and behavioral tendencies. Each of these types of attitudes can cause a person to support or not support the changes that occur in organizational settings. Nonetheless, for change to be effective, it is imperative to challenge and clarify people's beliefs, assumptions, and attitudes because the most powerful leverage for significant and sustainable change resides in the human core system of any business system (Nixon, 2004). Several studies have investigated the relationship between attitudes to organizational change and organizational outcomes such as organizational commitment, job satisfaction and work ethic.

A study by Shahzad et al. (2010) found that in a university that needs to pay attention to offering competitive compensation and workloads to attract and retain competent faculty in the field of higher education, this relationship is important because it increases the faculty commitment to performance and acts as a key factor for improving academic quality. In addition, Armstrong (2008) argues that to achieve long-term motivation for employees, it is necessary to pay attention to two things, namely monetary and non-monetary.

Walsh and Taylor (2007) in the article "Developing in-house careers and maintaining talent management" revealed that compensation and work balance are important things, it is the absence of opportunities for professional and organizational growth and development that affects management retention. Ross (2005), reveals that retention wars begin at the recruitment stage, with companies recruiting employees whose talents and interests match both the short-term and organizational needs.

According to Shahzad et al. (2016), knowledge is appearing as a strategic resource for the organizations operating in the twenty-first-century dynamic environment. To achieve

improved organizational performance and sustainable competitive advantage, KM initiatives seem pivotal. According to Smith (2001), knowledge management creates a new work environment in which knowledge and experience can be shared easily, and also allows knowledge to flow to real people in real time for them to operate effectively and efficiently.

### METHODS

The population of the research object is frontline management employees who work in offshore construction companies in Batam. The unit of analysis chosen for this study is the individual. The sample used comes from frontline management employees who work in the offshore construction sector in Batam, from the foreman level to the superintendent.

The questionnaire for knowledge management and talent management variables was taken from Ridha C. Nisa et al. (2016) with eight (8) statement items. Meanwhile, management commitment, organizational culture and career management variables are taken from David M. Gichuhi et al. (2014) who developed ten (10) statement items. All of these variables use a Likert scale to determine the level of the score on each statement with five (5) scales that indicate agree or disagree with the statement (1 is strongly disagree, 2 is disagree, 3 is neutral (doubtful), 4 is agree, and 5 is strongly agree).

The analytical method used in this research is multiple regression analysis using the SPSS statistical program. The tests used in this research are outlier test, validity and reliability test, normality test, multicollinearity test, and heteroscedasticity test. To test the hypothesis using the F, t test and the coefficient of determination (R<sup>2</sup>).

### RESULTS AND DISCUSSION

The outlier test is performed to test data that deviates from the average. Data that has a z-score value less than -2.5 or more than a value of 2.5 is data that deviates from the average or outliers must be discarded to be able to continue the next analysis (Hair et al., 2006). The test results found outliers in this study, namely respondent number 18 with a z-score of -2.67488, number 36 with a z-score of -3.35270, and number 40 with a z-score of -2.50819.

The validity test is carried out to measure the accuracy of the questions in the questionnaire, data that has a load factor loading score greater than 0.3 is a valid data value. From the data tested, it shows that all statements are valid, because they have a score factor loading greater than 0.3 as shown at Table 1.

**Table 1. Loading Factor Score**

Component Matrix	
	Component 1
M	.745
BO	.781
SP	.838
MK	.364
MP	.773
MT	.663

Extraction Method: Principle Component Analysis  
 a.1 components extracted

Source: data that has been processed by the author (2020)

The results of the reliability test were carried out to determine the consistency of the results of the questionnaire. The acceptable value of Cronbach's coefficient alpha is greater than or equal to 0.6. The test results show that all variables are reliable as shown at Table 2.

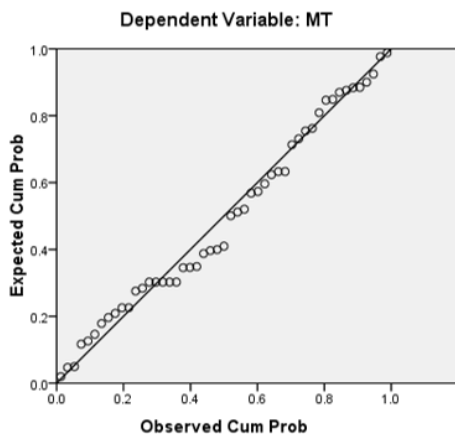
**Table 2. Cronbach's Coefficient Alpha**

Cronbach's Alpha	No of Items
.783	6

Source: data that has been processed by the author (2020)

The results of the normality test indicate whether the regression model is feasible to use and meets the assumptions of normality. By looking at the graph on the normal plot, you can see the points spread around the diagonal line so that the spread can be said to be normally distributed.

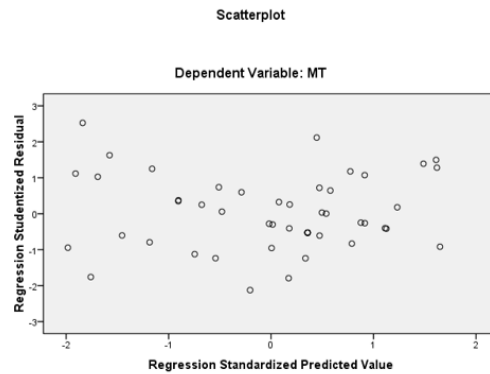
Normal P-P Plot of Regression Standardized Residual



**Figure 1. Normal P-P Plot of Regression Standardized Residual**

Source: data that has been processed by the author (2020)

The multicollinearity test results show that the four independent variables, namely X1, X2, and X3, X4, and X5 have VIF values within the predetermined tolerance limits (not more than 10), so it can be concluded that there is no multicollinearity in the independent variables of this study. The results of the heteroscedasticity test show that the independent and dependent variables have a normal distribution (heteroscedasticity) where the data spread does not form a pattern (homoscedasticity).



**Figure 2. The Multicollinearity Test Results**

Source: data that has been processed by the author (2020)

The results of the F test in this study indicate the independent variable has a simultaneous influence on the dependent variable. Table 3 shows that the F test calculation has a significant value of 0,000 or less than 0.05 (F. Sig 0,000 <math>< \alpha 0.005</math>), meaning that all independent variables are significant explanations for the dependent variable. In this case, the variable management commitment, organizational culture, reward system, career management, and knowledge management are significant explanations for the variable talent management strategy.

**Table 3. F Test Results**

Model	F	Sig.	Conclusion
1 Regression Residual Total	4.431	.002	Significant

Source: data that has been processed by the author (2020)

The t-test results in Table 4 shows that the significant level of the management commitment variable is 0.043, the significance level is less than 0.05, it can be concluded that there is a significant influence between management commitment and talent management strategy. The results of this test are consistent with the results of Nobarieidishe's (2014) research.

**Table 4. T Test Results**

Model	B	Sig	Conclusion
Management Commitment	0.332	0.043	H1 Significant
Organizational Culture	-0.166	0.378	H2 Not Significant
Reward System	0.134	0.466	H3 Not Significant
Career Management	-0.111	0.435	H4 Not Significant
Knowledge Management	0.425	0.012	H5 Significant
Management			Significant

Source: data that has been processed by the author (2020)

The significant level of organizational learning variables is 0.378, the significance level is greater than 0.05, it can be concluded that there is no influence between organizational culture on talent management strategy. The results of this test are not consistent with the results of research by Bula H. Orwa and Kireru J. Njeri (2014).

The significant level of the reward system variable is 0.466, the significance level is greater than 0.05, it can be concluded that there is no influence between the reward system on the talent management strategy. The results of this test are not consistent with the results of research by Bula H. Orwa and Kireru J. Njeri (2014).

The significant level of the career management variable is 0.435, the significance level is greater than 0.05, it can be concluded that there is no influence between career management and talent management strategy. The results of this test are not consistent with the results of research by Bula H. Orwa and Kireru J. Njeri (2014).

The significant level of the knowledge management variable is 0.012, the significance level is smaller than 0.05, it can be concluded that there is an influence between knowledge management and talent management strategy. The results of this test are consistent with the research results of Soltani and Ardhesiri (2014) and Ridha C. Nisa et al. (2016).

The adjusted R square (R<sup>2</sup>) correlation coefficient test is used to show a correlation or relationship between the dependent variable and the independent variable. In testing the coefficient of determination, it can be seen how much the independent variable provides information on the dependent variable.

Table 5 results of the adjusted R<sup>2</sup> coefficient of determination which has a value of 0.263, so it can be concluded that the variable of management commitment, organizational culture, reward system, career management, and knowledge management affect the talent management strategy by 26.3%, while the rest (100% - 26.3% = 73.7 %) influenced by other factors outside this research model.

**Table 5. Determination Coefficient Test Results**

Model	Adjusted R Square
1	0.263

Source: data that has been processed by the author (2020)

### CONCLUSION

From the research results it can be concluded that management commitment and knowledge management have a significant positive effect on talent management strategy, while organizational culture, reward systems, and career management have no effect on talent management strategy. For further research, it can be carried out not only in the construction company but also to several companies in other fields such as manufacturing, telecommunications, banking, hotels, and mining companies to get answers from various respondents regarding the talent management strategy and also by involving more respondents.

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