

Talent Management and Competitiveness of Oil Drilling and Well Servicing Companies in Rivers State

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Abstract: *This paper examined the relationship between talent management and competitiveness in oil drilling and well servicing companies in Rivers State. Data was gathered from 36 top and middle level managers of the aforementioned companies through a well-structured questionnaire and was analyzed using univariate and bi-variate analytical tools such as the mean score and the Spearman rank order correlation coefficient to test the study hypotheses. The analysis of this paper was conducted using the Statistical Package for Social Sciences and after analyses, the results revealed that talent management is positively and significantly correlated with competitiveness in terms of flexibility and innovation. Thus it was concluded that talent management is a precursor to competitiveness and it was therefore recommended among other things that oil drilling and well servicing companies should put more emphasis on the human capital approach to gain competitive advantage in their industry because 'human capital' represents an inimitable asset of any organization.*

Key words: *Talent Management, Competitiveness, Flexibility, Innovation*

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INTRODUCTION

The modern business environment is highly competitive and as a result, the concept of competitiveness has gained much attention in recent business literature. Competitiveness spans across different disciplines including economics, political science, sociology, management, marketing and biology (Dubra, 2012; Alnidawi, Alshemery & Abdulrahman, 2017; Kareska & Marjanova, 2012; Greenwood, 2013; Kimemia, Gakure & Waititu, 2014). Competitiveness can be viewed from different perspectives depending on the discipline where it is discussed but in terms of business, it is measured by flexibility and innovation (Roman, Piana, Lozano & Mello, 2012). According to Van der Weerd (2009) flexibility is good for modern organizations as firms through flexibility can integrate internal adaptive managerial capabilities with the external dynamic business environment to act, react and evolve with markets and outwit competitors. Organizations that possess high level of motivation to innovate and therefore situate themselves in climates that would allow and encourage innovative ideas are exactly those that will innovate quickly and successfully and benefit thereof an achieved competitive advantage

(Popa, Preda & Boldea, 2003). In the past, competitiveness in the organizational setting have been researched to determine its relationship with other variables such as ‘knowledge management’ (Antonova, 2010) and ‘conflict’ (Okoro, Okonkwo, Eze, Chigbo & Nwandu, 2018). This paper however differentiates itself from others by associating competitiveness with talent management because it is believed that organizations can develop their human capital through talent management to achieve competitive advantage.

Oil drilling and well servicing companies constitute a sector of the oil servicing industry in Nigeria that is highly competitive with these companies all vying for limited contracts to survive. It is therefore imperative that any of such companies with incompetent managers, technicians and successors are already doomed for failure. Therefore, it is important for these companies to understand the concept of talent management in order to prevent those who do not possess the skills, ability and behaviour that are required to lead, utilize information and (or) make rational decisions from occupying critical positions in the organization (Beheshtifar & Nekoie-Moghadam, 2011; Ahmadi, Ahmadi & Abbaspalangi, 2012; Tetik, 2016, Wahba, 2016). This paper was premised on the view that competitive oriented organizations should consider their current and prospective flexibility and innovative levels in relation to how they are affected by talent management policies and practices. Therefore, the purpose of this study was to examine the relationship between talent management and competitiveness in oil drilling and well servicing companies in Rivers State. Drawn from the purpose of this study, the specific objectives were; ‘to examine the relationship between talent management and flexibility in Oil Drilling and Well Servicing Companies in Rivers State’ and ‘to examine the relationship between talent management and innovation in oil drilling and well servicing companies in Rivers State’.

Research Questions

- i. What is the relationship between Talent Management and Flexibility in Oil Drilling and Well Servicing Companies in Rivers State?
- ii. What is the relationship between Talent Management and Innovation in Oil Drilling and Well Servicing Companies in Rivers State?

The conceptual framework showing the relationship between talent management and competitiveness is displayed in figure 1.

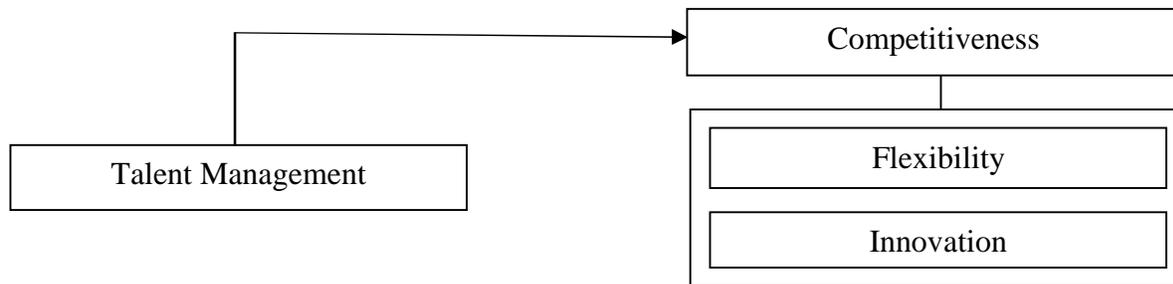


Figure 1: Conceptual Framework of Talent Management and Competitiveness

Source: (Desk Research, 2020)

LITERATURE REVIEW

Theoretical Foundation

The baseline theory that underpins the variables of this paper is the Resource-Advantage Theory of Competition. This theory was proposed by Hunt (1995) and was drawn from the resource-based view of the firm. Implicit in this theory is that; competitive advantage of the firm is derived from resource heterogeneity and that; the value of a resource to a firm is seen in terms of its potential to yield competitive differentiation to enhance performance outcomes (Hunt, 2000). Griffith and Yalcinkaya (2010) indicates that organizational resources which are capable of influencing competitiveness and performance are of two categories which are the 'tangible entities' and the 'intangible entities'. The tangible resources therefore include financial resources, physical resources and legal resources while the intangible resources include human resources, organizational resources, informational resources and relational resources. All the above mentioned resources are important to achieve competitive advantage but the human resources according to Griffith and Yalcinkaya (2010) are considered the most important because they are action oriented and they stimulate the use of other resources. To make the most out of the human resources, there exists a number of techniques that can be adopted, of which talent management does not fall short.

Talent Management

The awareness of talent management has grown substantially over the last two decades due to changing trends in the corporate world; it is now considered as one of the most future-oriented practices by human resource researchers and practitioners (Ganaie & Haque, 2017). The term talent management was defined by Rothwell (2008), as a process of attracting the best people, developing the best people and retaining the best people. According to Collings and Mellahi (2009), talent management is the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing individuals to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent people and to ensure their continued commitment to the organization. The concept of talent management is one that is difficult to discuss without addressing its model which systematically involves talent acquisition, talent development and talent retention (Ahmadi *et al.*, 2012; Tetik, 2016; Wahba, 2016; Ganaie & Haque, 2017).

Talent Acquisition: Talent acquisition is a strategic approach to identify, attract and absorb top talents into the organization to efficiently and effectively meet dynamic business needs (Tripathy, 2014). Talent acquisition is characterized by certain elements which include planning & strategizing, workforce segmentation, employment branding, candidate audiences, candidate relationship management, metrics and analytics and creating an organizational recruiting culture. Due to the short supply of substantial talents, many organizations are competing to acquire the best that is available. What will therefore differentiate organizations will be their ability to use these acquisition elements to identify, attract and absorb top talents. This is why the talent acquisition process is dubbed 'the war for talent' (Ahmadi *et al.*, 2012; Wahba, 2016; Tripathy, 2014).

Talent Development: After acquiring the most valuable people, a new challenge is born; how to develop them and increase their capacity to perform (Tetik, 2016). Talent development focuses on the planning, selection and implementation of development strategies for the entire talent pool to ensure that the organization has both the current and future supply of talent to meet strategic objectives. In an attempt to align talent development with organizational practices, organizations make significant investments in career management and in focusing the competence of their employees through training and development.

Talent Retention: The shortage of qualified labour as a result of an ageing workforce and the growing scarcity of highly skilled workers are common challenges organizations face in the modern business environment. In the midst of these challenges, companies that wish to enhance their performance note that allowing a high potential employee turnover is not an option; this is why talent retention is so important to organizations today. Talent retention is therefore the capability of a company to keep its talented employees from leaving (Maphisa, Zwane & Nyide, 2017). The major concern of talent retention is therefore to mitigate the negative effects of job turnover through employee engagement and organizational commitment. There are several consequences of talent management. One of such consequences which is the focus of this study is competitiveness.

Competitiveness

Competitiveness which is demonstrated in “competitive advantage” relates to the strength that an entity has to take advantage of identified opportunities within its environment, such that its sustainability is quite assured and better than that of its rivals (Roman et al., 2012). According to Kareska and Marjanova (2012), competitiveness can be viewed from different perspectives such as “macro-competitiveness which involves inter-country or inter-industry relations and “micro-competitiveness which is at the organizational level and is the ability of an organization to participate and win in the field of global or local offers of particular products or services. Organizational competitiveness is a decisive factor for survival in the business world and can be achieved by setting priorities which could involve flexibility and innovation and which are two measures of competitiveness (Roman *et al.*, 2012).

Flexibility

Flexibility is a firm’s capacity to adjust to change and/or exploit opportunities resulting from environmental changes (Dreyer & Grønhaug, 2004). In short, flexibility is 'the capacity to adapt' (Metzner, 2010). Flexibility is of major importance for firms to survive and prosper in turbulent environments. According to Dreyer and Grønhaug (2004), flexibility is considered a necessity in business because product life cycles are becoming shorter, customers’ preferences are changing faster, competition has become increasingly fiercer and the development in information technology has become more rapid. Metzner (2010) posited that flexibility in organizations are in two forms which are ‘employee flexibility’ and ‘organizational flexibility’. According to Metzner (2010), employee flexibility is the ability for workers to make choices influencing ‘when’, ‘where’ and ‘for how long’ they desire to engage in work-related tasks, while organizational flexibility relates to the numerical, functional, financial, temporal and locational characteristics that offer adjusting opportunities for organizations (Reilly, 1998; Atkinson, 2002). As much as flexibility is necessary for organizations to achieve competitive advantage, innovation is also important.

Innovation

Innovation means looking for new ways to do things and adapting to public (customer) demand (Anyanwu, 2013). Kiveu (2017) defined innovation as being critical in the improvement of firm process, products/services, marketing and organizational systems that makes the firms competitive. From this definition, we derived three aspects of innovation which includes product/service innovation, process innovation and marketing innovation.

Product Innovation: Product innovation could be in three forms viz; it could be in form of “mild review” to change the colour or package of the product; it could be a “greater review” which would require a change in the mode or pattern of consumption; or it could be a “novel product” such as a new invention that require a complete change in consumer behaviour (Anyanwu, 2013). This kind of innovation is done with the aim of creating new markets/customers and/or to satisfying current markets/customers.

Process Innovation: Process innovation is the introduction of a new method of production, not yet tested in the industry (Schumpeter, 1934). It includes new procedures, policies, organisational forms and knowledge embodied in products, distribution channels, applications as well as customer expectations, preferences and needs (Rosli & Sidek, 2013).

Marketing Innovation: Marketing innovations involve the marketing mix and market offerings that are made to satisfy customer’s needs while responding to market opportunities. Marketing innovations focus on better addressing customer needs, opening up new markets and positioning a firm’s product in the market, with the objective of increasing the firm’s sales. According to Johne and Davies (2000), marketing innovations increase sales by increasing product consumption leading to increase profits to the firm.

Talent Management and Competitiveness

Organizations that are flexible enough to adapt to changing trends in the favour of both the organization in general and the employees specifically are the ones that will easily attract, develop and retain top talents. Managers that are flexible enough to collaborate with employees in designing workplace schedules are bound to benefit thereof higher employee morale, smarter strategies and added value to output. By offering talents a flexible working environment, the organization grants them real control which reflects in their heightened feeling of self-trust and value, thereby leading to improved performance, less absenteeism and turnover, and increased levels of engagement and productivity which are all important to gain competitive advantage.

In another light, talent development and talent retention which are basic components of the talent management model expose workers to new ideas and experiences which most of the time inspire the birth of innovative ideas among workers and ultimately reflects in improved products and/or processes (Gateau & Simon, 2016; Alma, Al-Shalabi & Aljamal, 2013). Hence, talented individuals if well managed are sources of innovation for institutions and weapons to obtain sustainable competitive advantage (Chadee & Raman, 2012). Given the empirical views of talent management and competitiveness, the following null hypotheses were outlined for examination:

Ho₁: There is no significant relationship between Talent Management and Flexibility in Oil Drilling and Well Servicing Companies in Rivers State.

H₀₂: There is no significant relationship between Talent Management and Innovation in Oil Drilling and Well Servicing Companies in Rivers State.

METHODOLOGY

This study adopted the Correlational Research Design. A correlational study is one where a researcher seeks to understand the kind of relationships naturally occurring variables have with one another (Simon & Goes, 2015). It simply means seeking to figure out if two or more variables are related and, if so, in what way. The target population of this paper comprised of forty (40) managers drawn from ten (10) oil drilling and well servicing companies operating in Rivers State in the last twenty (20) years or more. Due to the small size of the target population, this paper adopted the census sampling with the entire population constituting the study sample. The cross-sectional survey data collection method was adopted in this study with a 90% response rate. The primary data was collected using a self-administered questionnaire that featured closed-ended questions on a five point Likert scale ranging from strongly disagree to strongly agree. The research questionnaire was validated using the content validity technique while reliability was tested with the use of Cronbach's Alpha Correlation Coefficient with coefficients of talent management, flexibility and innovation as 0.866, 0.706, and 0.833 respectively. The study applied both descriptive and inferential statistical analysis with hypotheses tested with the Spearman Rank-Order Correlation Coefficient with aid of the Statistical Package for Social Sciences (SPSS).

DATA ANALYSIS AND RESULTS

Univariate Results

Table 1: Descriptive Statistics on Talent Management

	N	Minimum	Maximum	Mean	Std. Deviation
Talent Management	36	2.67	5.00	4.093	.70648
Valid N (listwise)	36				

Source: SPSS 22.0 Output based on 2019 field survey data

Table 1 illustrates the descriptive statistics for talent management which has a mean score of 4.093 and standard deviation of 0.7648. This result therefore portrays respondents indicating very strong talent management practices in the companies examined.

Table 2: Descriptive Statistics on Competitiveness

	N	Minimum	Maximum	Mean	Std. Deviation
Flexibility	36	1.33	5.00	3.43	.86781
Innovation	36	2.33	5.00	3.84	.80666
Valid N (listwise)	36				

Source: SPSS 22.0 Output based on 2019 field survey data

Table 2 illustrates the descriptive statistics for competitiveness measured by flexibility with mean score of 3.43 and innovation with mean score of 3.84. The result therefore indicates high levels of flexibility and innovation in the companies examined.

Bivariate Analysis and Test of Research Hypotheses

Test of Hypothesis 1

Hypothesis 1 states that there is no significant relationship between talent management and flexibility in oil drilling and well servicing companies in Rivers State.

Table 3: Correlation Matrix for the relationship between Talent Management and Flexibility

		Talent Management	Flexibility
Talent Management	Correlation Coefficient	1.000	.667**
	Sig. (2-tailed)	.	.000
	N	36	36
Flexibility	Correlation Coefficient	.667**	1.000
	Sig. (2-tailed)	.000	.
	N	36	36

**Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS 22.0 Output based on 2019 field survey data

The result as shown in the correlation matrix in table 3 ($r=0.667$, $p<0.01$), reveals that talent management has a strong and positive relationship with flexibility and based on the p-value, the null hypothesis one (H_{01}) which states that ‘there is no significant relationship between talent management and flexibility in oil drilling and well servicing companies in Rivers State’ was rejected.

Test of Hypothesis 2

Hypothesis 2 states that there is no significant relationship between talent management and innovation in oil drilling and well servicing companies in Rivers State.

Table 4: Correlation Matrix for the relationship between Talent Management and Innovation

		Talent Management	Innovation
Talent Management	Correlation Coefficient	1.000	.636**
	Sig. (2-tailed)	.	.000
	N	36	36
Innovation	Correlation Coefficient	.636**	1.000
	Sig. (2-tailed)	.000	.
	N	36	36

**Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS 22.0 Output based on 2019 field survey data

The result as shown in the correlation matrix in table 4 ($r=0.636$, $p<0.01$), reveals that talent management has a strong and positive relationship with innovation and based on the p-value, the null hypothesis two (H_{02}) which states that ‘there is no significant relationship between talent management and innovation in oil drilling and well servicing companies in Rivers State’ was rejected.

DISCUSSION OF FINDINGS

This research has empirically assessed the relationship between talent management and competitiveness of oil drilling and well servicing companies in Rivers State. It was therefore deduced that organizations that seek for future leadership and therefore engage in talent management activities invariably project themselves to adapt to changes in their internal and external environment. Given the correlation coefficient between talent management and flexibility, smart companies are beginning to customize their jobs to fit into the modern flex-time and flex-place trends (Biro, 2013). Further, the role of talent management is crucial just as innovation is a vital requirement for organizations to survive. Talent management through competency focus and training and development can therefore create, propagate and encourage the creativity potentials among people. This therefore shows the close relationship between talent management and innovation as one complements the other. This finding is in line with the views of Alma et al. (2013) which states that the practices of talent management are positively associated with improving innovation of institutional performance by playing an essential role in nurturing the appropriate conditions for channeling and motivating employees towards the improvement of innovation activities.

CONCLUSION AND RECOMMENDATIONS

Based on the results generated from the tested hypotheses and study findings, it can be concluded that talent management which is positively and significantly correlated with competitiveness of oil drilling and well servicing companies in Rivers State, has a strong and predictive influence in determining how organizations demonstrate flexibility and innovation in their organizations.

Based on the conclusion of this paper, the researcher recommended that

1. Talent management should be given priority in every oil drilling and well servicing company in order to mitigate the negative effects of attrition and to enhance workers' capabilities to easily adapt to different working environments.
2. If the level of creativity among workers of any oil drilling and well servicing company in Rivers State is considered by management to be low and as such the company finds it difficult to innovate, adopting the talent management model would be a step in the right direction.

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