

# Analyzing the Critical Factors for Talent Management Implementation in the Public Sector

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**Abstract.** This research examines the critical factors contributing to the success of talent management implementations in Indonesia. Aims to comprehend the development of talent management in the public sector. Previous research on talent management has been conducted and developed in the private sector. This study used a literature review technique to synthesize previous research and identify knowledge gaps. The findings of this study showed that line managers have a significant role in linking talent management policies and their implementation. The study found that organization agility is a critical factor contributing to talent management implementations' success. Then, considering context in talent management practices is essential to achieving adequate and relevant results..

**Keywords:** talent management; public sector; line managers; organization agility; context

## 1. Introduction

The emergence of talent management has raised concerns among practitioners and researchers, leading to the coining of the term “War for Talent,” which originated in the private sector in 1997. Several researchers and practitioners in human resources acknowledge a paradigm shift from the traditional H.R. model to talent management. Efforts to cultivate competitive advantage via talent management are crucial for organizations as a strategic approach to attaining their competitive edge. Numerous prior studies indicate that talent management influences organizational competitiveness [2], enhances organizational performance [2,3], and decreases employee turnover [4].

The success of talent management implementation depends on the competence of its line managers [5]. In the context of the public sector, this line management is officials at the administrator level and structural office holders. However, the problem faced is that this line management often needs more motivation and competence to carry out its duties and functions [6].

Nonetheless, numerous studies concerning talent management have been conducted in the private sector. The public sector has commenced adopting talent management, initially developed in the private sector; however, the characteristics of public and private organizations differ significantly. The public sector encompasses a diverse array of stakeholders with varying interests, regulations, norms, and rationales, distinct from those in the private sector [7, 9]. Implementing talent management in the public sector is more challenging due to the tensions between the traditional values of fairness and equal opportunity. Numerous prior studies indicate that public sector talent management influences organizational and individual talent

performance. Culie et al.'s research [10] indicates that talent management in the public sector needs to be more developed, unstructured, disjointed, and reactive.

Talent issues are still a challenge in Indonesia. Based on the measurement results of the Global Talent Competitiveness Index in 2023, Indonesia is ranked 80th out of 134 countries with a score of 40.25 [11]. Indonesia's position is below that of other ASEAN countries, including Thailand (79), Vietnam (75), Malaysia (42), Brunei Darussalam (41), and Singapore (2). The results of this measurement show that talent management in Indonesia still needs to improve compared to other countries. Compared to the upper middle-income countries, Indonesia still has low competitiveness in talent management, especially compared to the global knowledge skills indicators, the ability to attract talent, and the ability to retain talent. Indonesia's general condition can describe the conditions in the public sector.

In Indonesia, the attention to talent management in Government agencies has become a public concern marked by the emergence of Indonesian Government regulations through PermenPAN RB No. 3 of 2020 concerning Talent Management as a concrete form of Government efforts to encourage the implementation of talent management in the public sector. However, in its implementation, not all Ministries/Institutions and Regional Governments have succeeded in implementing this talent management properly. This research examines the critical factors contributing to the successful implementation of talent management in the public sector in Indonesia. Identifying these critical factors is expected to comprehend the development of talent management in the public sector in Indonesia.

## **2. Literature Review**

### **Talent Management**

The book "The War for Talent," authored by Ed Michaels, Helen Handfield-Jones, and Beth Axelrod and published in 2001 [34], introduced the concept of talent management to the public. The term 'talent' was defined in the book as a strategic initiative aimed at specific employees who possess leadership abilities, are results-driven, inspire others, exhibit strong communication skills, demonstrate functional expertise, embody an entrepreneurial mindset, and maintain a strategic outlook on the organization's future growth.

Talent management is a systematic process involving the attraction, identification, development, engagement, and placement of individuals with significant value to an organization in formulating a sustainability strategy. Talent management is employed to cultivate existing abilities in response to changes in various conditions, including socio-economic, geopolitical, and demographic factors [12].

Talent management is defined as a systematic process that involves the identification of critical roles that uniquely enhance the organization's long-term competitive advantage, the cultivation of a reservoir of high-potential talent and exemplary performers to occupy those roles, and the establishment of a specialized human resource framework to ensure the placement of capable individuals and their sustained commitment to the organization. McCartney and Garrow [13] define talent management as a selective process designed to identify and cultivate employees recognized as talented by the organization, thereby creating a cohort whose abilities can be transformed into a valuable asset for the company. Talent management integrates capability, motivation, and opportunity [14].

Talent management is an integrated system that implements strategies to increase employee productivity and develop and maintain employee skills in meeting current and future business needs [15]. Talent management, according to [16], includes sourcing or finding talent; screening applicants, both those who meet the requirements criteria and those who do not; selection or

assessment, either through interview procedures or background checks on employee candidates; onboarding, either in the form of acceptance or offers; retention through maintaining employee talent so that it continues to contribute to the success of an organization; development through employee assignments or training; distribution through optimal staff assignments to be involved in a project, promotion or lateral opportunities; and workforce renewal through H.R. planning and analysis.

Lewis & Heckman [17] divide the understanding of talent management into three parts, namely:

- a. Talent management is another term for human resource management related to practical science where the process focuses on procurement, leadership development, succession planning;
- b. Talent management, in a handful of literature views, is understood with an emphasis on developing talent pools in a series of employee needs and managing the development of employee positions in the organization;
- a. Talent management only focuses on paying attention to managing the best employees.

Talent management enhances organizational performance, necessitating alignment of talent management practices with the company's long-term objectives, strategy, and organizational culture to attain strategic orientation. Talent management aims to supply a company with skilled employees while establishing conducive working conditions to address challenges. Ultimately, an organization can remain competitive and thrive amidst dynamic environmental changes [18].

### **Talent Management in Public Sector**

Talent management must be adopted in the public sector to ensure that a country can function well, where talent management is the primary key in carrying out public sector transformation [19]. The Government's ability to manage its talents through attracting, developing, and retaining talents is one factor that determines a country's competitive advantage [20]. To achieve the goals of the organization's vision, the performance of public sector organizations depends on the collection of talents, especially in increasing efficiency. Public sector talent is defined as individuals who contribute to public sector performance, have diverse competencies and knowledge, and value equal treatment and transparency [7]. In the public sector, talent management involves the relationship between the motivational aspects of employees and employers (the state) and requires interaction between the administrative structure and the state.

The Regulation of the Ministry of State Apparatus Empowerment and Bureaucratic Reform No. 3 of 2020 concerning State Civil Apparatus Talent Management has regulated the implementation of talent management in the public sector in Indonesia. This regulation specifies that talent management in the State Civil Apparatus typically encompasses the following stages: talent acquisition, development, retention, and placement. The Ministry of State Apparatus Empowerment and Bureaucratic Reform issued Circular Letter Number 10 of 2021 in response to the Regulation of the Ministry of State Apparatus Empowerment and Bureaucratic Reform No. 3 of 2020. This circular letter serves as a guideline for the implementation of talent management assessments in each government agency. It pertains to the assessment of the implementation of state civil apparatus talent management.

Talent management strategy can serve as an organizational approach that swiftly adapts to change and necessitates a framework for making talent-related decisions. The available human resources must possess a distinct perspective and prioritize talent in decision-making, rather than merely concentrating on the execution of decisions [17]. Talent management strategy can be developed by examining the contribution of talent to organizational output and processes.

This can be achieved by synthesizing the principles of strategy, economics, and resources, while drawing insights from the evolution of finance and marketing to formulate decision science that can enhance talent management, referred to as “talents” [21].

### **3. Methodology**

This study uses literature, research data, journals, media data, and other secondary data to examine the critical factors contributing to the successful implementation of talent management in the public sector in Indonesia. The identification of critical factors is expected to help comprehend the development of talent management in the public sector in Indonesia.

### **4. Discussion**

#### **The Importance of Line Managers**

Line managers are the first to recognize the talents of the organization. This happens because line managers are the ones who are directly in contact with and directly supervise employees' work. Line managers can identify talented employees in the organization by observing their performance. This effort ensures and verifies employee competence by observing the daily tasks. Line managers are also the first to be able to choose which potential employees will be given more responsibility because of their talents and competence. Line managers also select which employees are capable and encourage them to develop their competence.

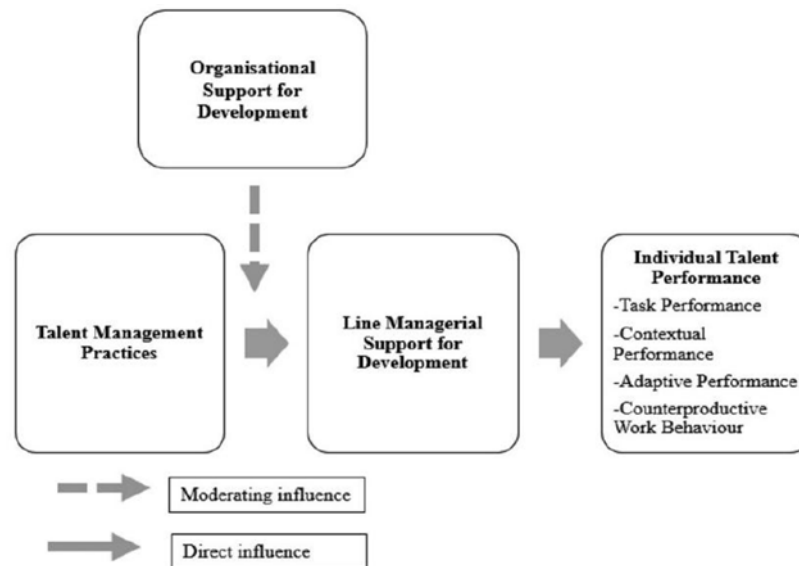
In talent management, line managers are the crucial link between intended policies and their implementation [12]. Senior managers in the public sector are instrumental in establishing and aligning talent management, organizational culture, and strategic objectives. Line managers are considered ‘talent owners’ and are responsible for making critical decisions in human resources [6].

The effective execution of talent management relies on the proficiency of line managers in fulfilling their H.R.M. duties [5]. In practice, line managers often need more than the soft skills necessary to effectively motivate and support their employees through mentoring or coaching [6]. Talent management practices in the public sector need to be more developed, inadequately executed, sporadic, disjointed, and reactive [10]. In practice, talent management associates individual performance with the capabilities of line managers, who significantly influence the execution of intended policies [22].

Kraviti's conceptual framework illustrates the substantial influence of line managers on organizational performance. Line managers play a crucial role in talent management as they connect talent management policies with their execution at the individual level. Line managers recognize internal talent, facilitate employee development, and deliver constructive feedback. They foster a supportive work environment that enables employees to develop and optimally contribute to organizational objectives. Line managers' support for talent management development has been demonstrated to enhance both individual and organizational performance [9]. Investment in line manager capabilities can enhance overall organizational performance.

The implementation of H.R. practices by line managers influences a range of attitudinal and performance outcomes, including employee affective commitment and job satisfaction [23], turnover intentions [24], individual and team performance [25], and organizational performance [26]. The execution of H.R. practices by line managers affects various attitudinal and performance outcomes, including employee affective commitment, job satisfaction [23],

turnover intentions [24], individual and team performance [25], and organizational performance [26].



**Figure 1. Conceptual Framework of Talent Management**

Source: Kravariti et al., 2023 [9]

### Talent Management and Organizational Agility

The discourse on talent management is intricately linked to agility. Agility is crucial for companies to operate effectively in a dynamic environment. The agility of a company or organization will emerge when driven by market changes that continue to fluctuate in a competitive environment. In addition, the drivers of agility can also be caused by technological innovation, changes in customer needs, and certain social factors such as legal, ecological, and labor issues [27].

Organizational agility refers to an organization's capacity to adapt and respond to continuous environmental changes [28]. Agile organizations have characteristics including responsiveness, competence, flexibility, and speed. Some of the actions taken by agile organizations include having close cooperation between employees and customers, having a flexible work system and the willingness to continue learning, having a team spirit, having continuous employee training and development, and having a supportive leadership culture.

When referring to an organization's agility, the main actors in this case must be the workforce. A workforce with agility is a way to overcome a problem appropriately and quickly if a change in the environment occurs. Workforce agility focuses on how employees handle a change by leveraging the resources available to the company. From this, two functions are developed by an agile workforce, namely, a workforce that can react and adapt to change quickly and appropriately. They can make changes in response to the situation and conditions [29]. Responding to this, several characteristics are needed to become an agile workforce, including having a proactive attitude, the ability to adapt, and self-resilience that involves handling.

## **Organizational Context and Culture**

The success of talent management implementation is influenced by the context and culture within the organization[30]. Implementing talent management in the public sector is more arduous due to conflicts with traditional values of fairness and equal opportunity [8]. Differences in context will impact different approaches to a problem, including different diagnoses and solutions. This happens because diagnoses are often constructed by different economic, political, institutional, and cultural contexts [31]. Clark-Ambrosini et al. [32] emphasize the significance of incorporating contextual factors and individual traits in the design and execution of talent management. Furthermore, the impact of contextual factors in the implementation of talent management is also described, including external factors such as the economic context and internal factors such as organizational culture.

Considering context in talent management practices is essential to achieving practical and relevant results. Gallardo et al. [12] show how context influences the success of talent management implementation. In their research, Gallardo et al. [12] explain how context influences the success of talent management implementation by grouping it into an organizational context, external context, and individual perception as follows.

1. **Organizational Context.** This group explains how organizational culture, leadership structure, and industry sector factors can influence how T.M. is implemented and understood. For example, a culture that supports collaboration can increase the effectiveness of talent development programs, while a competitive culture may create tension among employees.

2. **External Context.** The organization's external environment, including economic conditions, demographics, and market competition, significantly influences the efficacy of talent management. Multinational companies must adapt their talent management strategies to diverse environmental conditions, such as employment regulations and employee expectations that vary in each economic, social, and cultural environment..

3. **Individual Perception.** Individual perceptions of talent about their talents and their value in the organization can be influenced by context. For example, when there is uncertainty or ambiguity in communication about talent status, employee reactions can vary, impacting engagement and retention. Perception of work and career, including job flexibility and different assessments of being a permanent or mobile employee. This also includes the employee's perception of work and the meaning of career.

4. **Talent Discourse.** The way organizations discuss and define talent is also influenced by context. Different discourses can create different understandings of who counts as "talent" and how they should be treated, influencing talent management policies and practices.

## **5. Conclusion**

Discussions and empirical data regarding the implementation of talent management need to be revised, as prior research has predominantly focused on the private sector. Nonetheless, the Government continually implements enhancements, including adopting private-sector business processes to maintain relevance [33]. The study's findings indicate that line managers are crucial in connecting talent management policies with their execution. The study identified organizational agility as a crucial factor contributing to the success of talent management implementations. Contextual consideration in talent management practices is crucial for attaining adequate and pertinent outcomes. The study also has specific limitations, mainly due to its reliance on a literature review. Our findings will establish a framework of factors that influence the successful implementation of talent management in Indonesia's public sector.

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