

UNIVERSITY OF KWAZULU-NATAL

Talent Management at Toyota South Africa

**By
Jake John
209535325**

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**Supervisor:
Professor Anesh Maniraj Singh**

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Supervisors permission to submit for examination

Date:	22 Nov 2011
Student Name:	Jake John
Student no.:	209535325
Dissertation Title:	Talent management at Toyota South Africa

As the candidate's supervisor,

I AGREE to the submission of this dissertation for examination

I DO NOT AGREE to the submission of this dissertation for examination

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Name of Supervisor:

Signature: _____

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Abstract

The South African Motor industry is evolving through challenging times, placing tremendous pressure on Toyota SA Motors to remain efficient and competitive. The organization has identified human capital as one of its most valuable resources contributing to the achievement of this goal. It is therefore imperative that the organization implements a strategic talent management policy that would focus on retaining talented staff members and created a competitive advantage. The objective of the study was to examine the effectiveness of talent management as a retention tool with the aim of determining the employee perceptions and factors influencing competitive advantages of talent management and to provide recommendations to Toyota on the importance of strategic implementations of talent management in order to increase staff retention and improve competitiveness. This was to be achieved through the breakdown and analysis of the relevant components of talent management, along with theory comparison and the aid of quantitative research. The objective was achieved by sampling two hundred employees of Toyota. The empirical studies revealed that the perceptions of the employees were misaligned with international best practices particularly in terms of the identification of talented employees. Overall there was consensus that a strategic talent management policy would greatly benefit the organization to achieve its business objectives. A large percentage of respondents believed that talent management is very important to Toyota. It was found that the majority of respondents believed that in order to improve the talent pool it was vital to develop individual career paths for all employees. The results revealed that a key factor for employee retention was better developmental opportunities. It was recommended that Toyota South Africa should nurture existing talent and source and develop new talent. Toyota needs to develop a strategic talent management policy in order to attract and retain the best talent.

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Chapter 1

Overview of study

1.1 Introduction

The modern-day business environment is constantly changing which has placed added pressure on organisations to remain competitive within the market place. The traditional source of competitive advantage such as technology, pricing and financial capital has become insignificant, which reinforces the need for capable and reliable human capital to lead the organisation in the right direction. According to Lawler & Mohram (2003), talented individuals are becoming even more critical to organisational strategic success. As research results have proven, implementing a talent management strategy would have positive benefits for an organisation with a higher rate of staff retention and a competitive advantage. In order for Toyota to remain competitive, it is reliant on the recruitment, development and retention of talented individuals to create the leadership capacity and talent requirement to implement new strategies so as to meet the organizations overall business objectives. The topic chosen for this study aimed to examine talent management at Toyota and the impact it has on business. This chapter will provide an overview of the topic chosen and the motivation behind the study. Focus areas of the study have been highlighted to provide a better understanding of the dimensions of what is to be achieved. The problem statement introduced identifies the problem this study aims to solve as well as the research questions being posed to provide key areas for the research. The objectives have clearly defined what will be achieved in this study.

1.2 Motivation for the Study

Toyota has placed high importance on human resources within the business and has regarded employees as a contributing factor toward the overall business success. Toyota has therefore tried to ensure the well being of staff members in order to retain skills and knowledge to ensure sustainability and to continue the businesses

achievements. The completion of this study will provide the business with valuable knowledge on the influences of talent management, the effect on the business objectives as well as the influences of staff retention. The results from this study will provide Toyota with information on areas to improve which would thereby improve the talent pool and increase the retention rate.

Staff members would benefit directly from this study if Toyota were to focus on talent management as well as employee development and training. The senior management of Toyota will be enlightened on the key areas of concern which would be used as valuable information for future decision making.

1.3 Focus of the Study

The focus of this study was centred on the concept of talent management, talent development and talent retention at Toyota and to determine the perceptions of employees on these key issues. The study only concentrated on staff employed at the Prospecton plant.

1.4 Problem Statement

The business environment has constantly changed due to pressure from the global macroeconomic environment. The need for a talent management strategy is even more critical as the challenge involves identifying future leaders and ensuring that they meet the business expectations. The impetus for further study is driven by the macro trends facing organisations. These macro trends include new business growth often requiring varying talents. Further there is a dynamic increase in competitors and other businesses that target the same talent pool offering better opportunities in terms of career development and wealth impact. According to Pfeffer (1994), in the midst of the ever changing business environment, there must be a concerted effort from organisations to develop, motivate and retain talented individuals required to efficiently and competitively create sustainability and a competitive advantage. In the South African business landscape the need for talent management is even more significant as an emerging nation competing against richer and more mature

economies on the global stage. Strong leadership teams are created by organisations that proactively retain and develop talent which will improve their position in the global arena and create a competitive advantage that will enable sustainability. Also those talented individuals can benefit by being provided with the tools, a learning environment for growth and remain engaged with the current employers and they too get an opportunity to be involved in determining their future within the organisations.

1.5 Objectives

The objectives of the study are:

- To determine competitive advantages of talent management.
- To determine effectiveness of talent management as a retention tool
- To establish employee perceptions of talent management

The objectives of this study were met and the research questions answered through the administration of a structured research questionnaire. The analysed primary data was collected through an electronic survey method. The survey was conducted by means of a self-completion questionnaire utilising QuestionPro, an online survey software, as a research tool. The questionnaire consisted of 17 open and closed questions which collected data from the sample. The sample was drawn from the Toyota staff population and the questionnaire link was sent via e-mail to the individuals who then completed the questionnaire via an attached link. The Statistical Package for Social Sciences (SPSS) was utilised in the process of analysing the data and the information was translated into the form of graphs and tables.

1.6 Research Question

The following research questions stimulated the research process, and are the result of the research objectives that were presented in the prior section:

- Does talent management have an effect on Toyota"s competitive advantage?

- Does effective talent management promote employee retention in an organisation?
- What are the employee perceptions of talent management?

1.7 Overview of the study

The study was undertaken in a manner that allowed for a clear understanding of the problem, a review of the literature, a description of the methodology used, presentation of the data, discussion of the data and concluding recommendations and comments. These subsections are divided into the following chapters:

Chapter 1 provides an introduction to the research problem, which reflects on the background of the study, the specific objectives and the research methodology that was used.

Chapter 2 is primarily focussed on the literature review. The literature review undertaken focused on the importance of talent, management strategies and it's impact on business competitive advantage.

Chapter 3 describes the research methodology and data collection techniques used in the study.

Chapter 4 is dedicated to the analysis, presentation and discussion of the data that was gathered through the questionnaire taking into consideration the information extracted from the literature review.

Chapter 5 is the concluding chapter of this study in which the conclusions drawn and recommendations arising from the study are presented. The limitations identified in this study are discussed and recommendations for further research are offered.

1.8 Limitations of the Study

The limitations of this study were the respondent's limited access to the internet, Toyota's network response and the target population. The study was limited only to salaried staff that participated in Toyota's performance management review process. Each limitation has been discussed in Chapter 6 of this study.

1.9 Summary

The South African motor industry is evolving through challenging periods which has had an impact on the business environment. In order for Toyota to remain competitive it has to aggressively address its core competencies of human capital. Talent management strategies that focus on talent development, recruiting and retention are vital for achieving the business objectives and sustainability. Chapter one explained the motivation for this study as well as the focus of this study. The objectives were listed and limitations introduced to provide further understanding. To understand the factors influencing talent management a literature review and quantitative research, presented in the following chapters, is needed to be able to analyse the implications and make recommendations to Toyota.

Chapter 2

Literature review

2.1 Introduction

Today's business environment is fast changing due to globalization. It is not enough for companies to rely on technological advances and brand image, but are increasingly becoming dependent on talent to give them a competitive edge. Talent management is a complex concept related to human resources that have been developed and adapted with the purpose of bringing benefit to an organization. This chapter reviews the literature on talent management as well as the motor industry in South Africa with specific reference to Toyota South Africa. Since nearly all competitive business aspects have become common, talent is what finally drives business success and generates value.

2.2 Talent Management

2.2.1 Definition of talent

The definition of the word "talent" has acquired new meaning through the ages. It started out in biblical times as a measure of weight or value and then a unit of money and has now acquired new meaning (Grand, 1991). In the modern era the meaning has transformed to an extraordinary natural capability to do something well, especially in imaginative areas that can be developed by training. The idea was to distinguish talent from ordinary skills (Holden and Tansley, 2008). This is evident from contemporary dictionaries that define talent as "a person with an exceptional ability" (Encarta dictionary, 2011).

According to Cunningham (2007) talent management can be contextualized by taking into account two main strategic choices. This entails aligning people with roles and aligning roles with people. Aligning people with roles necessitates a partiality towards learning, developing and recruiting talent, while aligning roles with people concentrates on utilizing talent through a facilitated work environment (Thorne and

Pellant, 2006). It should be borne in mind that these two strategic choices cannot be implemented in isolation but should be seen as two sides of the same coin.

2.2.2 The Talent Age

McKinsey coined the term: war for talent. Now in the new era, organizations are finding their competitive advantage in the talent age (McKinsey & Company, 2001). During the farming age, the economy was based on land, a corporeal and a tangible asset. The industrial age followed with a manufacturing-driven economy. The most efficient and effective organizations with the most advanced distribution network produced higher business performances. The information age shifted the basis of economic value to knowledge assets through integrated communications and computer technology. Now the competitive battlefield is for the best people because they are the true creators of value (McKinsey and Company, 2001).

Change in the new competitive landscape is redefining strategy, anticipating the talent needs is critical in developing innovative strategies for the future. Scullion and Collins (2010), define talent as the ability to learn and deal with the ability and potential of individuals.

In order to stay ahead and gain competitive advantage organizations have to seize the opportunity by attracting and engaging talented employees. Human resources are no longer just playing a support role and is a significant strategic partner. According to Ehlers and Lazenby (2010), human resources are intangible assets. Intangible assets are assets that one cannot touch. The advantage of intangible assets is that they are less noticeable and thus more difficult for competitors to understand, purchase, emulate or substitute. According to Ehlers and Lazenby (2010), the value of hard assets has declined relative to the value of a company's intangible assets and that is assets such as proprietary intellectual capital, established brands, and ground breaking ideas. Talent forms the foundation of these intangible assets with superior talent separating the winners from the rest. Research conducted by McKinsey & Company (2001), has indicated strong correlation between performance improvement and strong talent in critical positions. For example research conducted in a manufacturing company showed that the most

talented managers in key positions grew profits by 130% while low performing managers showed no improvements (McKinsey & company, 2001). A fundamental shift was required in the organisational environment in how they looked at managing talent. In 2001 McKinsey and Company derived the elements critical in a successful talent management formula. Elements of talent management are depicted in Figure 2.1.

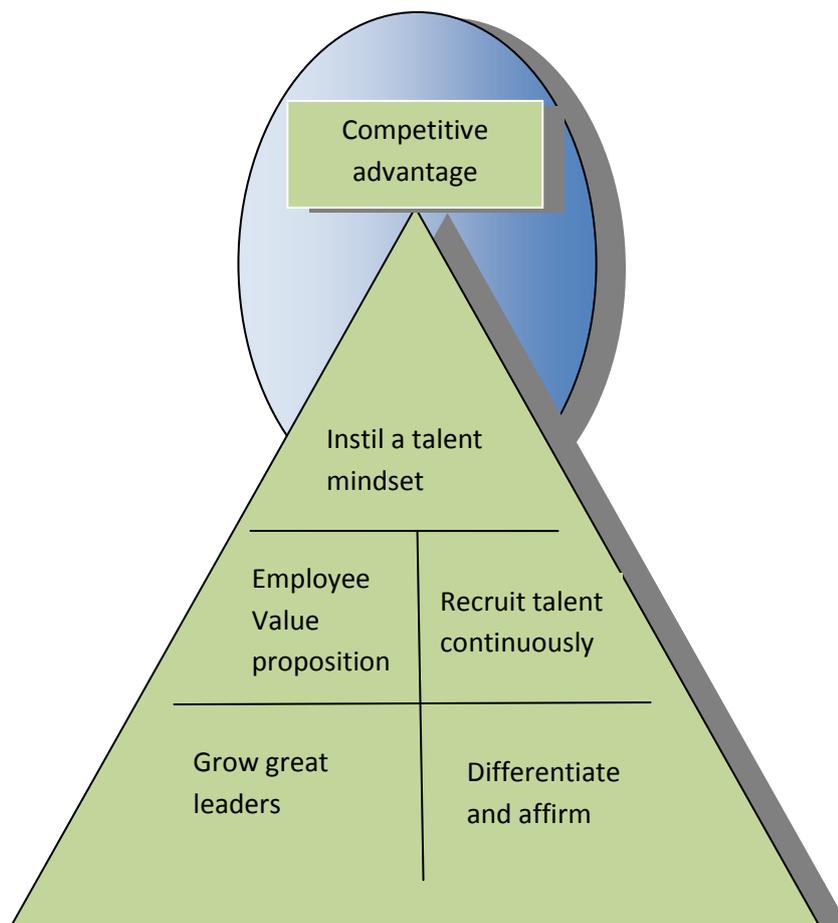


Figure 2-1: Elements critical for a successful talent formula

Adapted from The war on talent, part two McKinsey Quarterly, No. 2

2.5 Talent management in organizations

Despite the fact that there has been significant research conducted on talent management there have been no consensus on the actual meaning of the word “talent” and the implication it has for organization talent management practices (Tansley and Turner, 2007). In practice it would be difficult to design a talent management framework without a proper definition for the word talent. However, one could also argue that if a restrictive definition is adopted then it could make it difficult to characterize talent. As Howe (1998) argued that when defining talent certain shortfalls must be avoided namely the word talent used in organizational practice has various implications which could range from limited use in policies or even no use of the term talent meaning a absence of an organizational definition. Alternatively it could imply an extensive use of the term in strategy, policy and common understanding within an organization.

2.5.1 Talent at the organisational level

According to Scullion (2010), the definition of talent will vary considerably between various organizations. It would be of greater value for organisations to articulate their own definition of talent rather than adopting a universal meaning. Different divisions within organization will eventually draw on many diverse talents in the form of skills, knowledge and that of individuals” capabilities. Another aspect of defining talent is consideration of the levels of responsibility necessary within a particular organisational context (Tansley et al, 2007).

2.5.2 Talent at group level

According to Scullion (2010), the impact of talent at this level can have two different connotations to it, the positive impact and the negative impact. The positive impact of talent is adding value and having access to organisational resources. However, the negative side is the impact of marginality and resentment of colleagues which in turn affects performance.

According to Thorne and Pellant (2006), there are a number of elements to consider when defining talent at group level.

- “Talent leadership” can be defined as individuals with scarce skills with high potentials for leadership. These individuals have a unique ability to see the future. They are also specialist thought leaders and are indispensable. The competition seeks out and head hunts them
- “Key talent groups” can be described as the group that represents 2 – 3 percent of the organisations population. They are identified and hold key positions within the organisation.
- “Core talent” encompasses the individuals that are involved and perform the core business function and process. These core functions need to be executed within the short term. The majority of the workforce would be involved in achieving these business objectives within the short term. These groups would not be involved in any long term planning but their talent is important in the day to day functioning of the organisations
- “Peripheral talent” is key to the organisation however it does not form part of the core business function. These functions are usually outsourced to contractors and third party providers that would provide these essential services (Thorne & Pellant, 2006).

2.5.3 Talent as individual specific

According to Thorne and Pellant (2006) talented individuals have the ability above other individuals and they do not need to exert themselves to use it. Talented individuals have a certain charisma about them that others often wish to emulate and look to for inspiration. These individuals are considered to have unique skills.

Gagne” (2000) describes talented individuals as having superior performance ability to such an extent that it is achieved by only the top 10 percent of people active in the field. The performances of such talented individuals were capable of adding ten times more value to the organisation (Goleman, 2006).

Organisations see talent as a complex combination of employee skills, knowledge, behavioural aspects, competencies and cognitive ability. Cognitive ability refers to the ability of individuals to acquire knowledge by the use of logical reasoning, intuition or perception (Encarta Dictionary, 2011).

2.6 Talent pools.

Most organisations group their talent into talent pools. A talent pool describes a collection of employees who have been identified as talented. They can take different forms, have different memberships and be used for example as a means of resourcing project work and internal recruitment. Some organisations encountered the practice of classifying different talent pools; one such example is exceptional talent for executive-level roles, rising stars, emerging leaders and local talent.

2.7 Link between talent management and business performance

According to Wyatt (2003), organisations with sound leadership capabilities and talent had a greater financial return in terms of financial measures such as net income, market share, shareholder returns and sales. Research conducted by Huselid (1995), showed a strong correlation between economic returns and organizations that has a talent management process. It is important for organisations to manage talent effectively. Proper execution of talent management strategies has the potential to substantially deliver greater value to share holders and sustained competitive advantage (Thorne & Pellant, 2006). Figure 2.2 depicts the link between talent management and three critical outputs.

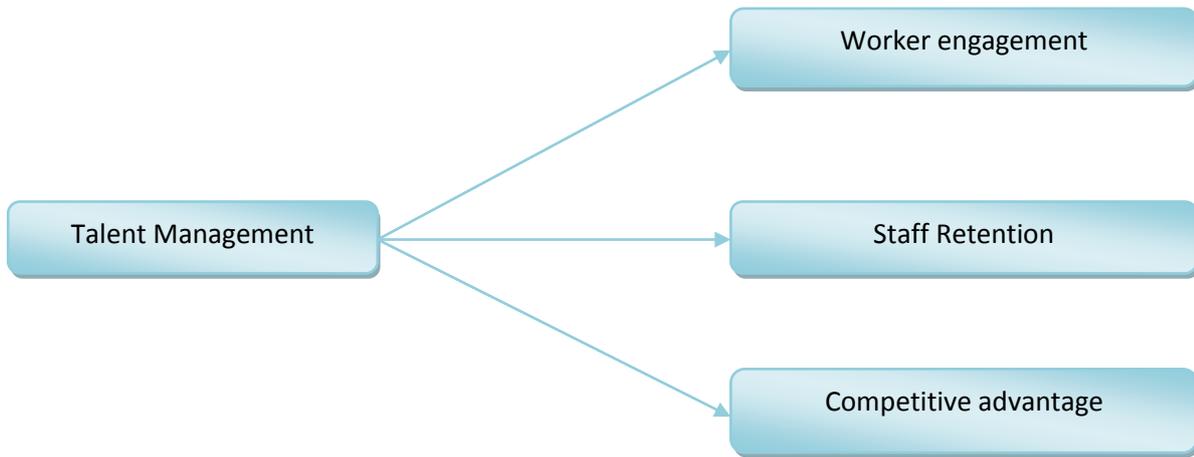


Figure 2-2 Outputs of a sound talent management strategy

(Adapted from schematizing talent management Vol. 2 No 1 2010)

A viable talent management strategy must involve worker engagement which results in staff retention and a competitive advantage

2.8 Relationship between talent management and employee engagement

According to Smythe (2007), the autocratic management style has diminished in the face of new challenges facing organisations. Employees in the past preferred to remain within organisations and were loyal to the company in exchange for job security and all the benefits that went with it such as medical aid and pensions (Smythe 2007). However organizations are no longer interested in loyalty and providing job security but instead seek to engage employee"s creativity, skills and talent to exploit one"s potential to improve the organisations competitive advantage (Smythe 2007).

Tranckle and Cushion (2006), argued that an organisations competitive advantage and progression depends on a highly committed and driven pool of talent who have the ambition and desire to contribute positively to their work. According to Groves (2006), talented employees need to be retained and one important factor in retaining talent is to have an effective relationship between the managers. According to Tranckle and Cushion (2006), improved channels of communication and feedback which identifies the requirements and interests of the talent are vital for talent retention.

According to Groves (2006), research shows that managers are important to the success of talent management strategies. The developmental needs of high performers have to be identified and developed before the performance suffers. Groves (2006), believes that in order to effectively utilise talent, management must support any initiative that seeks to understand these requirements. In order for the relationship between the employee and the manager to yield fruitful results it must encompass “trust, integrity, responsiveness and follow-through every day on the job”. Any plan to retain talented employees must be fully supported by the executive leadership (Groves 2006).

According to Tranckle and Cushion (2006), the relationship between employee involvement and talent management practices is critical in extracting the right talent. Management must ensure that talented individuals are in the right positions making key decisions. Forman (2006, 28) states that, “the talent deployment phase hinges on, the ability to ensure that the right people with the right skills and knowledge are used on the right jobs at the right time”. Both Groves and Tranckle highlight how important involving employees in the talent management process influence the outcome. Involving talented employees in the key positions will improve their skills and higher employee retention levels. By improving employee retention the organisations effectiveness is enhanced and more importantly profitability.

According to Glen (2006), talent management programmes should seek to acquire and retain the most talented individuals in order to continue adding value to the organisation. Bhatnagar (2007), believes that a critical feature in employee retention is employee engagement.

2.9 Staff Retention

Employee turnover in South Africa is highest for two categories of personnel: the low-level unskilled workers and the highly skilled technical professionals (Pfeffer 1994). Managers generally have more success in attracting and selecting talented employees than in retaining them. A possible reason for this is that the training and development of technical professional talent are rarely integrated into the technical professionals' career path (Farley 2005).

Retention of talented employees can be a foundation of competitive advantage for an organisation; however there are many challenges in attempting to retain these employees (Farley 2005). An effective talent management policy can be strategically utilized in retaining talented employees where certain elements can motivate employees to stay with their current employers instead of looking elsewhere. According to Kaye and Jordan-Evans (2002), the element that influences employees to stay includes clear career paths and an environment for continuous development and learning. According to Gagne" (2000), talented individuals have a hunger for excitement and achievement and hence meaningful and challenging work that makes a difference is vital in ensuring that talented individuals stay on. Talented individuals respond well to inspirational leaders and thus influential leader may also be able to influence staff retention by giving employees ambition and the drive for achievement and recognition. Farley (2005) explained in greater depth that staff retention is directly affected by remuneration as well as other aspects such as well-equipped work locations, flexible working hours and work life balance. Another key concern for organisations to consider is that productive employees may leave an organisation because they become dissatisfied, under-remunerated or unmotivated. Negative employee behaviour will have an effect on the organisation as employees may demand higher salaries, not comply with business practice, interrelate poorly with their co-workers or not comply with management direction (Farley, 2005).

Organisational sustainability is affected by high levels of turnover. Employers lose skilled workers to competitors and the employers cost implications mean organizations must pay for the recruitment, training and development of new skills.

Despite every step taken to ensure the right talented individual for the job is selected the risk remains that the new employee may not perform according to the expectations. There is also a risk that he / she may not fit into the organisational culture despite being highly competent. However, Farley (2005) argues from a different perspective and states that staff turnover should not only be viewed in a negative light as regular changes allow for people and positions to become available which ensures a good fit between employee qualifications and the job requirements.

2.10 Competitive Advantage

2.10.1 Overview

Organizations gain competitive advantage over competitors by offering superior value in terms of quality, price, service level and technology. Developing this competitive advantage can mean increased profits and sustainability over long periods. Figure 2.3 shows strategies required to achieve a competitive advantage.

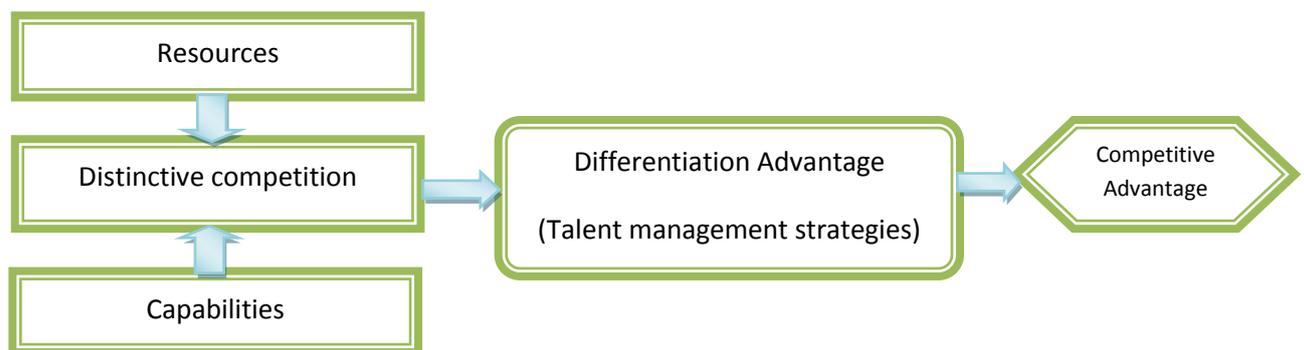


Figure 2.3 Strategic requirements for competitive advantage

Source: Joubert (2007) Deliberate practice for success

Figure 2.3 refers to the three key Components resources, capabilities and distinctive competition that are essential in deriving a talent management strategy that would create a competitive advantage.

2.10.2 The Essence of Competitive Advantage

According to Joubert (2007), competitive advantage seeks to answer the question as to why consumers would rather buy our product or service rather than that of the competitors. This becomes even more critical as the product or service offerings are less differentiated. According to Gagne´ (2000), in order to effectively grow your business one has to have a solid competitive advantage with an expanding loyal customer base. Profitable organizations perform a few core functions very well such as manufacturing, design, logistics and quality in order to gain a competitive advantage.

2.10.3 Talent management as a Competitive Advantage

The relentless pursuit of highly talented individuals is redefining how organisations look at individuals within the organisation to gain a competitive advantage. Organisations are seeking to utilise the influence of talent to engage in growth opportunities. According to Joubert (2007) “Maximizing talent, attracting, retaining, developing, and promoting outstanding talent is one of the critical capabilities that will distinguish a successful organization now and in the future.” Leaders must have a vision for the future and be able to anticipate and adapt to potential change and make certain that the right talent with the right skill sets are matched. According to Golman (2006), having the right talent management strategies will have a direct impact on the future sustainability of the organisation. Understanding the market requirements is critical in understanding the skills and talent gap. According to Brockhaus (2003), companies need to look beyond the normal retention strategies of compensation and benefits and examine various innovative strategies such as development opportunities, workplace flexibility and greater independence in order to attract and retain highly talented individuals as the demand for talented individuals becomes highly competitive and difficult to retain.

To create a sustainable competitive advantage there must be concise understanding of the overall business objectives and key capabilities required to achieve this sustainability. The key capability distinguishes organizations and strategies to enhance these capabilities must be developed in order to gain a competitive

advantage. HR strategies should focus on developing talented individuals in key areas in order to gain competitive advantage in line with the business strategy. According to Collings and Mellahi (2009), identifying those key positions in the organization that impact directly on the organizations competitive advantage is critical. Filling those positions with the right talented individuals is vital for organizational success.

2.11 Performance Management

How does an organization measure, develop and retain talent? Joubert (2007) states that the measuring of talent is based on the following potency factors, namely confidence, skills expression, virtue expression, physical wellness, mental wellness, relationship wellness, spiritual wellness and personal leverage. According to Dzinkowski (2006), talented individuals can be identified with the help of a performance management review system. The performance review would provide feedback on employee's performance and expected standards of performance. According to Farley (2005), performance management systems help to quantify performance and also help identify high performance or talented individuals. The developmental needs can be established and promotion potential determined. According to Frank and Taylor (2004) performance management systems need to be tailored according to the organizations need.

2.12 Talent recruiting

With the declining supply of talented and skilled individuals, Athey and Burnside (2007) stated that the challenge is the rising demand for talented individuals in the midst of increasing unemployment. A skills gap is being created by the retiring of skilled persons and according to Athey and Burnside (2007) not enough graduates are being created to fill the gap effectively. Other challenges such as high absenteeism indicate an increasing dissatisfaction among employees. Due to these challenges the realization that mere talent management will not address the concerns. According to Athey and Burnside (2007), certain assumptions have to be considered such as employees are not just in for the money and are looking to

develop and learn. Employees need to know that they are making a valued contribution to the organization.

According to Thorne and Pellant (2006), when recruiting talented people, one should realize that the drive to move around is much more evident. The position is the challenge and the position should allow the individual to showcase his or her talent. Once their talent is no longer evident in the position, or it is not being developed to adapt to changes in the position, the talented individual will leave the organization. According to Thorne & Pellant (2006), identifying what talented staff would be interested in a position and understanding how they would like to be treated in a position is critical when designing a recruitment strategy. According to Frank and Taylor (2004), web technology has helped the process of recruiting talent more sophisticated and has evolved from the time consuming traditional methods of recruiting. The Internet has enabled online screening and assessment facilitating a process of identification of talent from an increased pool of applicants. Guarino (2007), stated that organizations are keen to employ individuals who can adapt effectively to change, competition and challenges. Online technological advances help identify key talented individuals and match them to key positions. Such an approach helps organizations source high performers, whose knowledge competencies may then be further developed through in-house initiatives.

2.13 Talent development

The talent development management process starts with the identification of the most suitable candidate based on his or her development needs. Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner (2004) noted that when identifying an individual for talent development, management needs to take into account the individual's contribution to the organisation. Talent development should strategically aim to prepare personnel to give an organisation a competitive advantage which is critical for the future growth of the organisation.

According to Long (2004), leadership should create a balance between developing individuals and value add to the organisation. As talent development is regarded as the management task intended to steer the organisation, management must look at

talent development as a strategic management function aimed at continuous improvement of all organisational systems and products.

Talent development is a critical component of the organisation's strategic development which specifically emphasis continuous learning and improvement. As stated by Ready *et al.*, (1994), a significant requirement for talent management development is the recognition and the commitment needed from all parties including employees and managers.

As cited by Horwitz (1996), Human and Kiggundu proposed that line management ownership and accountability facilitate learning transfer. The management of talent is about cultivating a passion for learning and development therefore strategic talent management approach is an essential component for the organisation's future growth. McCauley and Wakefield (2006) mentioned that organisations that excel at talent management all exhibit the following eight best practices, namely:

- Broadly defines talent management strategy
- Integrates the various elements of talent management into a comprehensive system
- Focus talent management on their most highly-valued talent;
- Involve senior management in defining talent management process;
- Builds competency models to create a shared understanding of the skills and behaviours needed and valued by the organisation;
- Monitor talent system-wide to identify potential talent gaps;
- Excel at recruiting, identifying and developing talent as well as performance management and retention; and
- Evaluate the results of their talent management system.

Furthermore, when talent management is built on a strong leadership development strategy, a solid platform is created from which to proceed. McCauley & Wakefield (2006) propose the creating of a talent mindset, which will enable the high-performing organisation to achieve its goals. The bottom-line of talent management is that traditional human resource management structures which operate in silos (a branch for recruitment, a development and performance management branch, an industrial relations branch and an employee benefit branch) should be abolished. True talent management calls for an integrated approach to human resource management, since talent is found in all human resource management activities. When talent is successfully recruited, whether from inside or outside, the human resource management function should be implemented in such a manner as to retain this talent, develop it and utilise it to the benefit of both the individual and the organisation. An organization needs to support and provide a context for key knowledge workers to create new knowledge. Strategies for enhancing knowledge creation include practicing relevant leadership behaviors such as providing vision and support for innovation; and cultivating an organizational learning culture (Joubert, 2007). Talent management can play a role in supporting such strategies.

2.12 Summary

The review of the literature on Talent Management has emphasised the importance of a proper talent management strategy. Research showed that a superior talent management strategy was critical in obtaining a competitive advantage and also retaining the best talent.

The next chapter, Chapter Three, will present the research methodology used for this study and will test the effectiveness of the proposals.

Chapter 3

Research Methodology

3.1 Introduction

The previous chapter discussed the impact of talent management in business. Research is any organised investigation undertaken to provide information for solving problems and thereby increasing the knowledge base (Cooper, 1998; Saunders et al, 2003). Creswell (2003, 56), stated "Research is a process of steps used to collect and analyze information to increase our understanding of a topic or issue". This chapter will give a detailed view of the research methods used to conduct this study. The correct research method is invaluable in ensuring that the research is carried out properly, effectively, efficiently and ethically.

This chapter will examine the participants and location of the study, data collection strategies, research design and methods as well as reiterate the aim and objectives of the study and how the relevant research methods will satisfy or fulfil these objectives.

3.2 Aims and objectives of the study

The aim of the study is to examine the impact of talent management in Toyota South Africa. This was broken down into 3 critical objectives that this study wished to fulfil:

- To determine competitive advantages of talent management.
- To determine effectiveness of talent management as a retention tool
- To establish employee perception of talent management

Based on the objectives, this study also endeavours to answer the following research questions:

- Does talent management have an effect on Toyota"s competitive advantage?
- Does effective talent management promote employee retention in an organisation?
- What are the employee perceptions of talent management?

3.3 Sampling, Participants and Location of the Study

Sekaran and Bougie (2010) defined sampling as the process of selecting items from the population so that the sample characteristics can be generalised to the population. Sampling involves both design choice and sample size decisions. It is not always practical to study the entire population and hence a sample size is selected. It is more feasible to study a sample size in terms of costs, time, impossibility in reaching all elements of the population and a sample is adequate.

There are two general sample types, namely non-probability and probability sampling. According to Page and Meyer (2000), Non Probability samples occur when there are no controls in place on the sample selection method. Non probability sampling may result when the researcher is unable to generalise the results causing the sample not to be representative of the population. According to Sekaran and Bougie (2010), defining your target population is critical in determining the sample. The elements of the target population must be defined in terms of geographical location.

The participants were the permanent employees of TSAM. These employees belonged to various departments including administration, human resources, engineering IT, logistics finance, manufacturing and a few others. The employee ranking was also varied from ordinary employees to management, senior management and executive management. Basically, all permanent employees were

targeted except hourly remunerated employees because these employees were not succumbed to a bi-annual performance evaluation. The performance evaluation has an impact on employee talent at TSAM and this only pertained to permanent employees. For practical reasons, due to budgetary, time and other resource constraints, a minimum sample size of 200 will be projected for this study, based on Krejcie and Morgan's Table (1970). The participants that were targeted for the study were an appropriate source of primary data to satisfy the objectives of the study and answer the research questions. The information gathered from these participants would be a wide and diversified representation of data and would also give a strong comparison to the general population of employees at TSAM. Furthermore the participants all came from a spectrum of educational backgrounds that made them competent in their specific roles and this increased the diversity of the participants as a whole. Demographics of the participant's were not limited to any race or gender. The study was physically conducted at TSAM premises in Prospecton as participants were employees at this specific location.

3.4 Data types

In this type of research the data are from both primary and secondary sources.

3.4.1 Primary Data

As defined by Lubbe and Klopper (2005), the primary source of data is a firsthand evidence of direct information regarding the subject under examination. Thus all data collected through the research questionnaire that was emailed to each of the respondents personally, are classified as primary data or data obtained from a primary source.

3.4.2 Secondary Data

Lubbe and Klopper (2005), stated that a secondary source translates and analyses first hand testimony or primary sources. Saunders, et al. (2003), defined secondary data as data used for a study that was initially collected for some other intentions. They also define documentary secondary data as multiple source secondary data, survey based secondary data. Saunders, et al. (2003), defines secondary literature as subsequent publications such as books and journals. In this study almost all the data collected can be classified as documentary secondary data and as secondary literature.

3.4.3 Quantitative Data

Saunders, et al. (2003), defined quantitative data as numerical data that has been quantified (analysis conducted through the use of diagrams and statistics). Quantitative research aims to illustrate the population's general characteristics and will ignore particular details of the study. Hyde (2000) points out that in order to attain a generalisation of the whole population the quantitative research method will represent a large sample of the population. In quantitative research, the data is gathered through structured questionnaires which can be measured and analysed.

3.4.4 Qualitative Data

According to Saunders, et al. (2003), qualitative data can be defined as a non numerical information or information which has not been quantified (analysis conducted through the use of conceptualisation based meanings expressed through words). What has become apparent in this view is that qualitative research adopts an inductive process as opposed to quantitative research which adopts a deductive process. This way of thinking is supported by Hyde (2000) who explains that the inductive process is based on theory building in which the process would start with observations and aim to establish generalisations. Qualitative research aims to

identify underlying relationships and requires the researcher to approach the study with an open mind to the possibilities and perspectives of the research material, in order to provide conclusions for the particular research case (Frankfort-Nachmias and Nachmias, 1996).

3.5 Data Collection Strategies

For this study, the quantitative method was chosen as this was the ideal method, to collate and analyse the data. A questionnaire was designed consisting of 21 questions drawn up specifically to extract the data to satisfy the objectives. The questionnaire itself was electronic and designed using an online tool known as QuestionPro. QuestionPro is a research based questionnaire survey tool which allows for construction, administration and analysis of data. Questionpro will be discussed further under 3.7.1. Data collected from the responses was analysed quantitatively.

3.6 Research Design and Methods

According to Sekaran and Bougie (2010), the extent of scientific rigor in a research study depends on how carefully the researcher chooses the appropriate design alternatives taking into considerations the cost, time and other resources. It is for this reason that it is critical for the researcher to ask himself or herself whether the benefits of the research design and methods are appropriate with the resources employed for the research purposes ensures accuracy.

The respondents were asked questions that were specifically developed for this study. The questions were arranged in groups that allowed the author to obtain clarity on specific issues relating to the problems that were under investigation. For any survey to be successful, it is critical to design a good questionnaire. Mouton (2008) provided useful insight and guidelines to develop good questions, specifically

suggesting that questions that are leading, ambiguous and double-barreled should be avoided. For the purposes of this study, closed-ended questions were used in conjunction with a five point Lickert scale.

3.6.1 Construction of the instrument

As mentioned, an online survey tool known as Questionpro was used to construct and administer the survey. Each question was carefully analysed and designed online. Questionpro allowed for real-time design and also testing of the instrument at various stages. Questionpro also allowed for numerous avenues to administer the questionnaire including email, internet link and social media like facebook. Various analytical tools were also present on this web-based platform that could allow for real-time analysis and processing of data. Once the questionnaire was fully loaded onto the survey tool, it was then tested and administered. Questionpro also allowed for reminders to be sent to relevant participants to ensure that full participation was achieved.

3.6.2 Recruitment of Study participants

All the participants were permanent employees of Toyota from varied and diverse backgrounds in terms of education, work experience, race and gender. These participants were fairly easy to recruit as they were convenient to reach via internal email. An email request was sent out to each of them requesting their participation. After they had agreed, the informed consent form was sent out for them to read, understand and sign. Questions from the participants regarding the study were addressed by the researcher via email and telephone. Following the distribution of the informed consent forms, the questionnaire was sent.

3.7 Pretesting and Validation

In order to identify the weaknesses of the design methods and instrument, pretesting and validation needs to be conducted.

3.7.1 Pretesting of the questionnaire

According to Kothari (2008), a pilot study or pretesting has to be conducted prior to a questionnaire being used as the research instrument as it understood as the replica or rehearsal of the main study. By conducting pretesting, the researcher ensures that the wording of questions and instructions are understandable as well as clear which should include any scale items which might have been used. As noted by Pallant (2007) that the pilot test might also pick up items that may be offensive to potential respondents, he is of the opinion that a pilot test should be conducted on the similar population sample which will be used in the main study in order to ensure that the common understanding of the questionnaire from the respondents items and responded appropriately.

The pretesting of the questionnaire was conducted on selected Toyota employees. Permission was requested from senior management prior to being distributed to potential respondents. From the pretesting, a number of errors were noted by respondents which were subsequently corrected which included spelling and grammatical errors. The main changes effected was the order of some questions which allows for an easy flow from broad to more specific concepts and to keep questions related to a particular objective together. On average, the survey was completed in 10 minutes by the respondents.

3.7.2 Validation of the questionnaire

According to Warrier (2011), in order for a process to be reliable it has to be repeatable and the results replicated. If the results cannot be replicated then the results are not valid and therefore not reliable. According to Sekaran and Bougie (2010), it is vital that the accuracy of the measured variable is accurately confirmed by the instrument developed to measure the concepts.

It is important to ensure that the instrument developed to measure a concept is indeed accurately measuring that variable (Sekaran & Bougie 2010). Kothari (2008) stated that the accuracy of the tests of validity is critical in ensuring reliable measurement

Validity and reliability demonstrate the scientific rigidity that has gone into the research study. Validity refers to the extent to which a test measures what the researcher wishes to measure. Reliability is a test of how dependable a measuring instrument measures a concept it is measuring and practicality is concerned with three prominent factors stability, internal reliability and consistent judgement of subjective data (Sekaran & Bougie 2010).

Seeing that pre-testing and validation were critical aspects of the study, careful attention was paid to it in terms of the data collection. Hence the questions on the questionnaire itself were drawn up to focus primarily on the objectives and research questions of the study. Ninety percent of the questions used the Likert scaling technique which was a validation measure on its own. More precisely, the forced Likert scale was used as this eliminated any form of neutral answers from the participants. This inevitably greatly reduced unnecessary and skewed data. This was extremely critical when it came to the analyses of the data and generating of quantitative results.

3.8 Administration of the Questionnaire

Once the participants of the study were recruited, the informed consent forms were sent out to them. After the consent was obtained, the questionnaire was then distributed via Questionpro through its email link facility. Reminders were sent out automatically via Questionpro as well to ensure timeous and full responses. Out of a sample of 200 participants, 80 responses were collected.

3.9 Summary

This chapter provided a detailed outline of the research methods used in this study. Using the appropriate research method was a vital aspect to the research carried out. The research methods satisfied the objectives of the study as well as the research questions. The aim of the study was to examine the impact of talent management in Toyota. The participants were the permanent employees of Toyota all belonging to various departments. The participants that were targeted for the study seemed to be an extremely good source of data as the information gathered from these participants was diversified in many aspects. The study itself was physically conducted at Toyota premises in Prospecton. Quantitative methods were used to gather relevant research data. The questionnaire consisted of 21 questions. An online survey tool- Questionpro was used to design and administer the questionnaire.

Chapter 4

Presentation of results and discussions

4.1 Introduction

This chapter presents the results obtained from the data collected during the course of the study. The results presented have been organized into sections such as demographic profile of the respondents, importance of talent management, and analysis of the responses to selected questions from the survey to substantiate the objectives of the study. It must be noted that though the survey questionnaire comprised of seventeen questions, only the questions directly relevant to addressing the objectives of the study are presented here. Due to the automatic rounding off by the SPSS program the totals doesn't always add up to 100.

4.2 Demographic profile of respondents

The demographics of the respondents such as gender, race and position within the organization have been included as such characteristics may have influenced their responses. Different age groups were not analyzed as it was not relevant to this study. Demographic information was used here to provide an in-depth understanding and interpretation of the results.

Table 4.1: Demographic profile of the respondents

Demographics		Percentage
Gender	Male	80.5
	Female	19.5
Race	African	24
	White	29
	Coloured	5
	Indian	42
Position	Administrators	5
	Engineers	52
	Managers	21
	Senior managers	8
	Others	14

4.2.1 Gender

The majority of the respondents in this survey were male (80.5%) compared with females (19.5%). The difference in the number of male and female respondents is due to the fact that the majority of the employees at Toyota are males. This statistic is in line with the findings of Stephen (2000), who stated that, while some progress has been made in rising above common norms of male dominance at work places and in spite of the rising numbers of women now working in jobs which were conventionally perceived to be associated with males, the fact that women generally lag behind in their participation is still prevalent. Stephen (2000) states quite unconditionally that society's attitudes to women in science in South Africa is not encouraging as society concurs with the global belief that scientific careers are unsuited with a woman's life.

4.2.2 Race

Results in Table 4.1 show that majority of respondents in the race category were Indians (42%). The remaining respondents comprised of Whites (29%), Africans (24%) and Coloured (5%). There was no representation of Japanese among the respondents although the questionnaire was forwarded to employees of this race group as well. The predominant race group employed by Toyota is Indian which was evident from the demographics of the sample.

4.2.3 Position in company

Table 4.1 shows that the majority of the respondents were engineers (52%) followed by managers (21%), senior managers (8%) and administrators (5%). The respondents who did not belong to any of these categories were grouped under others which comprised 14% of the total respondents. Due to the scope of work in the motor manufacturing industry, engineers are predominately employed as this function is core to the business.

4.3 Importance of talent management in modern organizations

Figure 4.1 employee views of talent management at Toyota

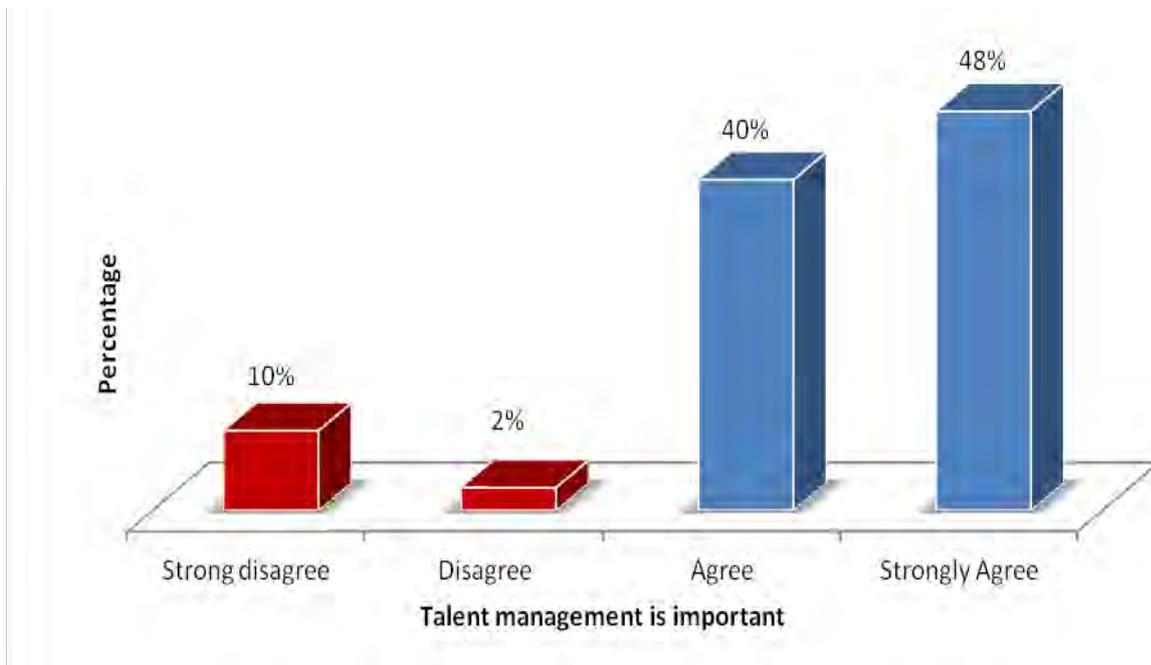


Figure 4-1 : Importance of talent management in modern organizations

Figure 4.1 indicates the surveyed employee's general perception of talent management in Toyota. Overall 88% agreed that talent management is important in modern organizations with 40% agreeing and 48% strongly agreeing to it while only 12% of the respondents disagreed to it (10% strongly disagreed and 2% disagreed)

4.4 Objectives of the study

In order to satisfy the requirements of each objective, the responses to each question were analysed and where necessary, its correlations with independent variables have been studied.

4.4.1 Objective One: To determine the competitive advantages of talent management.

The first objective of this study was to acquire insight into how respondents viewed talent management as a competitive advantage.

4.4.1.1 Why should Toyota take talent management more seriously

Table 4.2 Cross tabulation between race groups and the reason for Toyota to take talent management more seriously

		Reasons for taking talent management seriously					Total
		It impacts on profit	It reduces staff turnover	It retains talent	It gives Toyota a competitive edge	It gives the staff a feeling of belonging	
Race group	African	1%	0%	6%	13%	3%	23%
	White	0%	3%	10%	9%	10%	31%
	Coloured	0%	0%	1%	3%	1%	6%
	Indian	4%	6%	11%	14%	4%	40%
Total		5%	9%	28%	39%	18%	100%

The results indicated that the majority of respondents (39%) within all race groups believed that Toyota should take talent management more seriously as it gave Toyota a competitive edge. Many respondents (28%) also believed that giving importance to talent management in the company is a way to retain the existing talent.

According to research conducted by Hewitt (2008), growing acknowledgment that the superior talent is a sustainable competitive advantage, coupled with a practical view of the intricacy and scope of changes in the global workforce, has led to a transformed focus and urgency around talent management. Based on nearly 700 responses, human resources (HR) and business leaders overwhelmingly identified “attracting and retaining skilled and professional workers” as the workforce challenge most impacting their organizational strategy.

Table 4.3 : Cross tabulation between position and the reason for Toyota to take talent management more seriously

		Reasons for taking talent management seriously					Total
		It impacts on profit	It reduces staff turnover	It retains talent	It gives Toyota a competitive edge	It gives the staff a feeling of belonging	
Current Position	Administrator	1%	0%	0%	3%	1%	6%
	Engineer	4%	4%	13%	20%	11%	52%
	Manager	0%	4%	8%	8%	0%	21%
	Senior Manager	0%	0%	3%	4%	0%	7%
	Other	1%	0%	4%	3%	6%	14%
Total		6%	8%	28%	38%	18%	100%

According to Table 4.3, the majority of the respondents (38%) believed that taking talent management more seriously gave Toyota a competitive advantage. Also, 28% of the respondents believed that it retains talent in the company.

Statistical analysis showed that there was no significant association between the different race groups ($\chi^2 = 11.312, p = 0.502$) or the employee position in the company ($\chi^2 = 17.936, p = 0.328$) and their opinion about the reasons for Toyota to take talent management more seriously. The study showed that, in general, most respondents irrespective of their race or employee position felt that it will give the company a competitive edge over its competitors.

These results are in line with the findings of Lawler & Mohrman (2003) and Frank & Taylor's (2004) who observed that making talent a top priority is a potential strategy in gaining a competitive advantage for organizations. Similarly, a report of Haung (2001) which stated that organizations internally target and develop talented staff using criteria that are linked to the future organizational needs and role capabilities are also supported by these research findings.

Results shows only 7% believed that it impacts on profits, however according to Wyatt (2003), organizations with sound leadership capabilities and talent had a greater financial return in terms of financial measures such as net income, market share, shareholder returns and sales. Research conducted by Huselid (1995), showed a strong correlation between economic returns and an organization that has a talent management process.

It is important for organizations to manage talent effectively. Proper execution of the talent management strategies has the potential to substantially deliver greater value to share holders and sustained competitive advantage.

4.4.1.2 Why do you believe that Toyota should introduce a talent management policy?

Table 4.4: Cross tabulations between various race groups and the reason for Toyota to introduce a talent management policy.

		Reasons Toyota needs to implement a talent management policy				
		It can be implemented fairly	It will ensure consistency	It will ensure that business goals are met	It will ensure individual goals will be met	Total
Race group	African	0%	10%	11%	0%	21%
	White	5%	14%	8%	0%	27%
	Coloured	0%	2%	3%	2%	6%
	Indian	6%	17%	16%	6%	46%
Total		11%	43%	38%	8%	100%

According to Table 4.4, majority of the respondents (43%) believed that a talent management policy would ensure consistency. In comparison, only 8% of the respondents believed that it will ensure individual goals are met. On the other hand, 38% believed it would ensure consistency that business goals are met.

Table 4.5: Cross tabulation between employee positions and reasons for Toyota to introduce a talent management policy.

		Reasons Toyota needs to implement a talent management policy				Total
		It can be implemented fairly	It will ensure consistency	It will ensure that business goals are met	It will ensure individual goals will be met	
Current Position	Administrator	0%	5%	2%	0%	6%
	Engineer	5%	17%	19%	6%	47%
	Manager	3%	9%	11%	0%	23%
	Senior Manager	2%	2%	5%	0%	8%
	Other	2%	9%	3%	2%	16%
		11%	42%	39%	8%	100%

According to table 4.5, majority of the engineers (19%) believed that introducing a talent management policy would ensure the overall business goals are met while 17% of engineers thought that it will ensure consistency. Only 11% of managers and 2% of administrators believed that it will ensure that business goals are met.

There was a significant association ($\chi^2 = 10.16, p = 0.338$) between the different race groups and their response regarding the importance of having a talent management system in Toyota. All of the African respondents believed such a system will ensure consistency and it will also ensure that the business goals are met. None of the African and White race group respondents thought that such a system will help in ensuring individual goals (refer table 4.5). However, when the job positions of the different respondents were compared with the responses, there was no significant association ($\chi^2 = 8.543, p = 0.74$) between the employee position in the company and the importance of having a talent management system at Toyota.

The data indicated that the overwhelming reasons for the use of talent management policy are related to ensuring that the overall business objectives are met. It can be inferred that since managers are in a senior position within the organization their mindset is aligned to the overall business objectives. These results were supported by the research conducted by Rioux & Bernthal (1999) who found that highly effective talent management systems are characterized by CEO involvement, support from senior management and use of talent management policy linked to business strategies to achieve overall business objectives.

4.4.2 Objective 2: To determine the effectiveness of talent management as a retention tool.

4.4.2.1 Reasons for staff leaving Toyota

Table 4.6 Cross tabulation between race group and the reasons why talented staff leave Toyota

		Reasons talented staff leave Toyota					Total
		Their talent is not recognised	There are other HR policies which are a priority	Toyota doesn't develop talent	Talented staff are treated no differently from ordinary staff	Talent management is biased and unfair	
Race group	African	6%	1%	7%	6%	3%	22%
	White	6%	8%	3%	10%	4%	31%
	Coloured	1%	0%	1%	1%	1%	6%
	Indian	17%	7%	8%	6%	4%	42%
Total		29%	17%	19%	22%	13%	100%

According to Table 4.6, majority of the respondents (29%) believed that many talented staff leaves Toyota because their talent is not recognized. Overall, 17% Indians, 6% Whites and 6% Africans shared this view. Also, interestingly, the opinion that Toyota doesn't develop talent was shared by the Africans and Indians (7% Africans and 8% Indians).

Table 4.7 Cross tabulation between positions and why talented staff leaves Toyota

		Reasons talented staff leave Toyota					Total
		Their talent is not recognised	There are other HR policies which are a priority	Toyota doesn't develop talent	Talented staff are treated no differently from ordinary staff	Talent management is biased and unfair	
Current Position	Administrator	4%	0%	1%	0%	0%	5%
	Engineer	14%	8%	11%	11%	8%	52%
	Manager	7%	4%	4%	5%	0%	21%
	Senior Manager	0%	1%	1%	3%	1%	7%
	Other	4%	3%	1%	3%	4%	15%
Total		29%	16%	19%	22%	14%	100%

According to Table 4.7, the majority of the respondents (29%) believed that many talented staff leaves Toyota because their talent is not recognized. This view was shared by majority of the engineers (14%), managers (7%) and administrators (4%). On the other hand, 22% of the respondents felt that talented staff leaves the company because they are treated no differently from ordinary staff. Interestingly, no manager or administrator believed that talented staff left because talent management is biased; only 8% of the engineers had a similar view.

There was no significant association ($\chi^2 = 10.578, p = 0.565$) between the different race groups and their opinion about the reasons for talented staff leaving Toyota. About 29% of the respondents irrespective of the race group were very critical about the fact that their talent is not recognized by the company. Similarly, when the responses of different employee positions were compared, no significant difference ($\chi^2 = 12.389, p = 0.717$) was observed with regard to the above question.

These results corroborate with those of Hickson and Oshagbemi (1999) which showed that employees leave organizations when their talent is not being recognized and are more likely to move jobs sooner for personal development. These results are also similar to the report by Rotondo, Carlson and Kincaid (2003), which found that

employees were less likely to resign from an organization that recognized their talent.

4.4.2.2 Methods Toyota could use to improve their talent pool

Table 4.8 Cross tabulation between race groups and Improving Toyota’s talent pool

		Toyota can improve their talent pool by				Total
		Providing training and development	Headhunting from outside the company	Developing individual career paths for all employees	Providing flexible working conditions for talented employees	
Race group	African	7%	0%	14%	1%	23%
	White	4%	1%	23%	3%	31%
	Coloured	0%	0%	6%	0%	6%
	Indian	8%	4%	24%	4%	41%
Total		20%	6%	66%	8%	100%

According to Table 4.8, the majority of respondents (66%) across all race groups believed that the talent pool could be improved by developing individual career paths for all employees. The results showed 14% African, 24% Indians and 23% Whites shared this opinion.

Table 4.9 Cross tabulation between position and improving Toyota’s talent pool

		Toyota can improve their talent pool by				Total
		Providing training and development	Headhunting from outside the company	Developing individual career paths for all employees	Providing flexible working conditions for talented employees	
Current Position	Administrator	0%	0%	6%	0%	6%
	Engineer	14%	3%	31%	6%	53%
	Manager	3%	0%	17%	1%	21%
	Senior Manager	1%	1%	4%	0%	7%
	Other	1%	1%	10%	1%	14%
Total		19%	6%	67%	8%	100%

According to Table 4.9, majority of the respondents across all positions believed that the talent pool could be improved by developing individual career paths for all employees. The results showed 31% engineers, 17% managers and 6% administrators shared this opinion.

There was no significant association ($\chi^2 = 6.290$, $p = 0.711$) between the different race groups and their opinion about developing a talent pool by Toyota. When employee positions were compared for the current response, it was seen that about 67% employees emphasized the importance of developing individual career paths for the employees and there was no significant difference between the employee position ($\chi^2 = 8.351$, $p = 0.757$).

An effective talent management policy can be strategically utilized in retaining talented employees where certain elements can motivate employees to stay with their current employers instead of looking elsewhere. The empirical data is in keeping with observation by Kaye and Jordan-Evans (2002) according to whom the elements that influenced employees to stay included career path and an environment for continuous development and learning.

4.4.2.2 Attitudes towards bringing talent into Toyota from outside

Table 4.10: Cross tabulation between race and bringing talent into Toyota from the outside

		Bringing new talent to Toyota is		
		Very fair	Very unfair	Total
Race group	African	11%	11%	22%
	White	17%	13%	30%
	Coloured	4%	2%	6%
	Indian	25%	17%	42%
Total		58%	42%	100%

The results from Table 4.10 shows that 11 % of African people found it very fair to bring talent from outside and 11% found it very unfair. Majority of the Indians (25%) believed that it is very fair to bring talent from outside and 17% of them believed it to be very unfair. Again, among the Whites, majority (17%) believed that bringing talent from outside is fair and 13% believed it to be unfair.

Table 4.11: Cross tabulation between current position and bringing talent into Toyota from the outside

		Bringing new talent to Toyota is		
		Very fair	Very unfair	Total
current position	Administrator	0%	6%	6%
	Engineer	28%	25%	53%
	Manager	20%	7%	27%
	Other	11%	4%	15%
Total		58%	42%	100%

Results from Table 4.11 showed 20% of managers believed that it is fair to bring talent from outside while 7% believed it to be unfair. A majority of engineers (28%) believed that it was fair to bring talent from outside while 25% believed it to be unfair.

There was no significant association ($\chi^2 = 0.947$, $p = 0.814$) between the different race groups and their response about bringing talent from outside the company. It was estimated that about 58% of the respondents irrespective of the race groups believed that it is very fair to bring talent from outside the company.

Similarly, there was no significant association ($\chi^2 = 8.999$, $p = 0.06$) between the employee position in the company and their opinion regarding bringing talent from outside of Toyota. All the administrators who responded to the questionnaire believed that it was very unfair to bring talent from outside the company

It could be inferred that both managers and engineers share the opinion that bringing talent from outside the company is very fair because of the shortage of skills within the organization. According to the HR department of Toyota, staff resignations and retirements are usual (personal communication). There is also a possibility that engineers and managers are overloaded with work and more staff is required to ease the overload which necessitates bringing talented people from outside Toyota. Similar results were also reported by Athey and Burnside (2007) which stated that the challenge is the rising demand for talented individuals in the midst of increasing unemployment. A skills gap is being created by the retirement of skilled persons and according to those authors, not enough graduates are being created to fill this gap effectively. Farley (2005) argued that bringing in the right new talent from outside would create a new excitement and fresh thinking in an organization.

4.4.3 Objective 3: To establish employee perception of talent management?

4.4.3.1 Importance of talent management at Toyota?

Table 4.12: Cross tabulation between race group and the importance of talent management.

		Importance of talent management.		
		Very low importance	Very important	Total
Race group	African	4%	20%	24%
	White	11%	19%	29%
	Coloured	3%	3%	5%
	Indian	12%	29%	41%
Total		29%	71%	100%

According to Table 4.12, a majority 71% of all respondents across the race groups believed that talent management is very important compared to 29% that believed it to be of very low importance. Overall, 20% African, 19% Whites and 29% Indians shared this view that talent management is highly important for organizations like Toyota.

Table 4.13: Cross tabulation between position and the importance of talent management

		Importance of talent management.		
		Very low importance	Very important	Total
Current Position	Administrator	3%	3%	5%
	Engineer	20%	33%	53%
	Manager	3%	17%	20%
	Senior Manager	3%	5%	8%
	Other	1%	13%	14%
Total		29%	71%	100%

According to Table 4.13, a majority of engineers (33%) and 17% of managers believed that talent management is very important compared with only 3% of managers who believed it to be of very low importance. Interestingly, only 3% of administrators rated talent management to be of importance.

There was no significant association ($\chi^2 = 2.743$, $p = 0.433$) between the different race groups and their opinion about the importance of talent management at Toyota. Irrespective of being an African, White or from an Indian race group, majority (71%) of the respondents emphasized on the importance of talent management in the company.

Similarly, when the responses of different employee positions were compared, no significant difference ($\chi^2 = 6.227$, $p = 0.183$) was observed with regard to the importance of talent management at Toyota.

It can be inferred that the difference in opinion between the managers and administrators of the importance of talent management is probably because of their different organizational level. The skill and talent requirement at managerial level is far more significant than that of an administrator. It appears from the data that the split opinion among the engineers on the importance of talent management can be as a result of varying opinions between the high performers and low performers. There is a high possibility that performing engineers would like to have a talent management strategy to cater for their intrinsic and extrinsic needs while the low performing engineers would rather not be identified or perhaps see no benefit in a talent management strategy.

4.4.3.2 Responsibility for identifying Talent?

Table 4.14: Cross tabulation between race group and who should be tasked with identifying talent.

		Who should identify talent?				
		Line managers	Human resources	Peer evaluation	Outside consultants	Total
Race group	African	17%	1%	1%	3%	22%
	White	11%	4%	6%	10%	31%
	Coloured	3%	3%	0%	0%	6%
	Indian	28%	3%	4%	7%	42%
Total		58%	11%	11%	19%	100%

According to Table 4.14, majority of the respondents (58%) across the race groups believed that line managers should be responsible for identifying talent in employees. 17% Africans, 28% Indians and 11% Whites believed that line managers should be responsible for identifying talent. 11% of respondents believed that human resource personnel should be responsible while 19% believed an outside consultant should be tasked with this responsibility.

Table 4.15: Cross tabulation between position and who should be tasked with identifying talent.

		Who should identify talent?				
		Line managers	Human resources	Peer evaluation	Outside consultants	Total
Current Position	Administrator	3%	0%	3%	0%	6%
	Engineer	30%	10%	1%	11%	52%
	Manager	12%	0%	1%	7%	21%
	Senior Manager	7%	0%	0%	0%	7%
	Other	5%	3%	5%	1%	15%
Total		58%	12%	11%	19%	100%

According to Table 4.15, majority of engineers (30%) and 12 % of managers believed that the line managers should be responsible for identifying talent while only 3% of administrators believed the same. Rest of the administrators (3%) believed that peer evaluation should be responsible for talent identification with 1% of managers and engineers sharing the same opinion. Surprisingly, when 10% of the surveyed engineers believed that human resources should be responsible for identifying talent, no managers believed that human resources should be tasked with such a function. .

There was no significant association ($\chi^2 = 14.265$, $p = 0.113$) between the different race groups and their response about who should be tasked with identification of talent in the company. About 58% of the respondents irrespective of the race group believed that the line managers must be tasked for this job.

However, there was a strong significant association ($\chi^2 = 26.081$, $p = 0.01$) between the employee position in the company and their opinion regarding the position that must be tasked with identifying talent at Toyota.

The findings from the empirical study revealed that the majority of the management believed that line managers should be responsible for identifying talent. The research finding contradicts Friedman"s (1986) findings in suggesting that human resources should be tasked with identifying and developing talented individuals. Sahl (1987) further argued that by adopting a comprehensive, well designed assessment and identification program, an organization could strengthen its HR function and more effectively tap the full potential of its human resources.

4.4.3.3 Is your talent recognized by Toyota

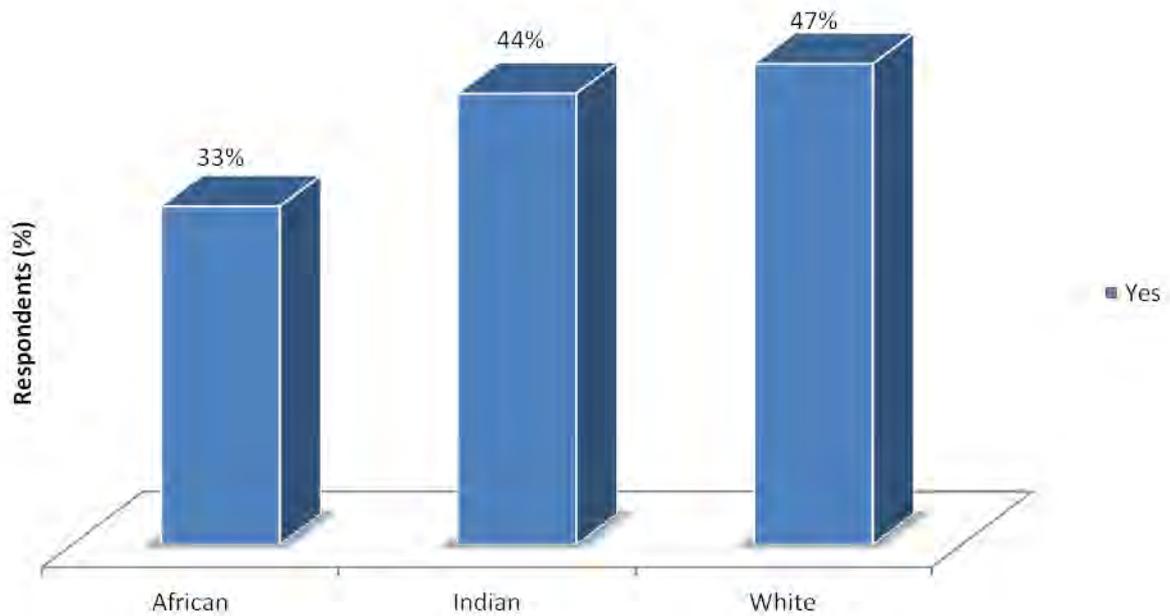


Figure 4.2 Responses on various race groups regarding talent recognition

According to Figure 4.2 minority 33 % African, 44 % Indian and 47 % white people who believed that their talent was recognized.

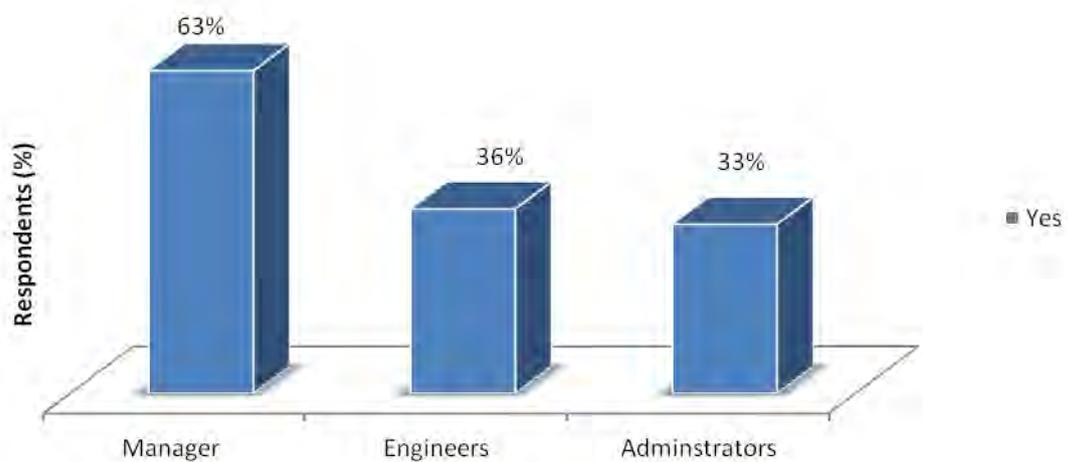


Figure 4-3 Responses on various positions regarding talent recognition

Fig

According to Figure 4.3, 63% of managers believed that their talent was recognized. Similarly 36% of engineers and 33% administrators shared the same view.

There was no significant association ($\chi^2 = 0.871, p = 0.832$) between the different race groups and their response about if their talent was recognized by Toyota. Even when the job positions of the different respondents were observed, no significant association ($\chi^2 = 5.557, p = 0.235$) between the employee position in the company and their opinion regarding their response about talent recognition

4.4.3.4 What makes you say that Toyota recognizes your talent?

Table 4.16: Cross tabulation between race groups and recognition of talent at Toyota

		How do you know your talent is recognised?				Total
		I have been told that I am a valued employee	I have a personalised career development plan	Toyota has invested in my training and development	I have been given additional incentives to retain me	
Race group	African	4%	0%	11%	4%	18%
	White	7%	7%	4%	11%	29%
	Coloured	0%	0%	4%	0%	4%
	Indian	32%	11%	0%	7%	50%
Total		43%	18%	18%	21%	100%

According to Table 4.16, there were varying opinions among the race groups that responded to the question about what made them say that Toyota recognized their talent. The majority of the respondents (43%) said it was because they had been told that they were valued employees. Overall 18% of the respondents believed it was because they had a personalized career development plan. The results show that 18% believed that Toyota has invested in their training and development while 21% said it was because they have been given additional incentives to retain them. A majority 32% Indians said that it was because they have been told that they are

valued employees. 11% Whites said that they were given additional incentives to retain them. Interestingly 11% Africans said that Toyota has invested in their training and development.

Table 4.17: Cross tabulation between position and recognition of talent at Toyota

		How do you know your talent is recognised?				Total
		I have been told that I am a valued employee	I have a personalised career development plan	Toyota has invested in my training and development	I have been given additional incentives to retain me	
Current Position	Administrator	4%	0%	0%	0%	4%
	Engineer	21%	7%	4%	7%	39%
	Manager	7%	7%	7%	7%	29%
	Senior Manager	0%	4%	4%	7%	14%
	Other	11%	0%	4%	0%	14%
Total		43%	18%	18%	21%	100%

According to table 4.17, a majority of the engineers (21%), 7% managers and 4% administrators believed that their talent is recognized because they have been told that they are valued employees. Whereas, 7% managers and 4% engineers believed that it was because Toyota had invested in their training and development.

There was a significant association ($\chi^2 = 17.4, p = 0.042$) between the different race groups and their response regarding the talent recognition by Toyota. However, when the job positions of the different respondents were compared with the responses, no significant association ($\chi^2 = 9.429, p = 0.66$) between the employee position and the reasons for their talent recognition in the company.

According to Haug (2001), who stated that organizations within target and develop talented staff using a decisive factor to fulfil the future organizational needs and role capabilities are further supported by the research findings.

4.5 Summary

The results obtained from the data has revealed several interesting findings. Some of the significant findings are that managers agreed that a talent management strategy would contribute to the overall business objectives and contribute to a competitive advantage. This point is critical as management of the organization have to fully support any implementation of talent management strategies. The results also revealed that many of the talented staff leave Toyota because their talent is not recognized. This view was shared among all race groups and positions. In general the consensus was that talent management is important to the organization. Chapter Five will present the conclusions and recommendations based on the findings.

Chapter 5

Conclusions and Recommendations

5.1 Introduction

Today's automotive business environment is fast changing due to globalization. It is merely not enough for companies to rely on technological advances and brand image. There are about 1 390 variants of vehicles, recreational vehicles and light commercial vehicles on South Africa's showroom floors, according to a report by business website Fin24.com. The choice available has more than doubled over the past 10 years.

Toyota is under tremendous pressure to identify ways to do business efficiently and remain competitive. Staff members were identified as valuable resources and a key tool in enabling Toyota's strategic transformation to competitive advantage. Talent management was identified as a critical focus area for ensuring motivated productive staff members and the retention of skill, knowledge and experience. Understanding the influencing factors of talent management has become vital for Toyota as talented staff members contribute to business growth and ensure sustainability.

The objectives of this study were to determine competitive advantages of talent management, the effectiveness of talent management as a retention tool and employee perception of talent management. Therefore, the results and recommendations presented will provide Toyota with options to determine the best talent management strategies in order to increase staff retention within the organization, and improve its competitive advantage.

5.2 Outcomes, recommendations and implications of this study

The objectives set for this study were chosen with the aim of understanding the influencing factors of talent management at Toyota. The first three objectives, to determine if new age benefits influence job satisfaction at Toyota, to determine the

impact of new age benefits on the business and to determine if job satisfaction results in staff retention at Toyota, were met as the results provided meaningful and useful information for both employees and Toyota.

In order for Toyota to attain higher levels of job performance, a strategic talent management policy needs to be implemented. Considerations need to be made to the individual's personal circumstances due to changing work-life demands on employees. Findings from this study will help Toyota understand the beliefs and needs of employees and will allow for better decision making in identifying and strategically placing talented individuals in key positions to meet the organizations overall business objectives.

It is recommended that the definitions of talent management and engagement be made more definitive and established across contexts through empirical research. Further, the links between talent management and organisational effectiveness need to be evaluated to provide evidence to support the assumed link. Therefore the most important implication for theory from this research is to establish a stronger empirical base for both employee engagement and talent management.

5.3 Recommendations based on findings

The following are recommendations for the management at Toyota.

It has been statistically found that the employees believe it is important to have a talent management strategy, which include developmental opportunities and career growth. Potential talent should be developed and trained to fill in key positions within the organizations.

It is recommended that line managers be provided training, skills and knowledge to encourage them to identify and manage potential talent. It is also encouraged that the line managers be involved in their developmental needs and understanding of their career aspirations and ensuring employee engagement so as to ensure high potential employees are retained within Toyota.

It is recommended that Toyota further investigate why employees remain with the organization as well as why employees leave to identify the root causes. An external body could be used to ensure employee anonymity which will provide relatively honest information. This study has focused on the influence of talent management and resulting implications on staff retention but there are many other factors that influence staff retention, for example company reputation, management and leadership styles as well as organizational culture. Toyota needs to create a working environment in which employees choose to work for the organization rather than just accepting a position out of necessity.

5.4 Limitations of this study

The limitations that arose during this study and ways to overcome these are discussed below.

5.4.1 Internet access

Internet use is primarily restricted to employees and access is only granted to employees that require internet access as part of their job requirement. As the questionnaire used for this study was web-based, only employees who had internet access or who were able to complete the questionnaire on another employee's computer were able to participate. It is therefore recommended for future web-based studies done at Toyota that the researcher request permission from Toyota IT department to allow employees specific access to the research questionnaire which they can get to via a direct link.

5.4.2 Sample population

This study was limited to salaried staff that participated in the performance review process. This limited the understanding or perception of the employees from the hourly paid that worked on the production line. It is recommended for future studies to include employees from all levels in the organization in order to ascertain the holistic perception.

5.5 Recommendations for future studies

It is suggested that future studies could focus on the following;

- This study was limited to salaried staff that participated in the performance review process. For future studies it is recommended that a sample size representative of the population be selected to perhaps have a more accurate analysis of the findings.
- Extending the study to other companies within the same industry for deriving comparisons and benchmarks within the industry.
- This study highlighted the need for a mentor to assist in developing and growing talent. Further study on the benefits of mentors in organizations could benefit in the development of talent management strategies.

5.6 Summary

The aim of this study was to understand the factors influencing talent management at Toyota. The objectives of the study were to determine the impact of talent management on the business and if effective talent management results in staff retention. The data collected answered the questions for the objectives and confirmed that effective talent management strategies can contribute to the development, growth and retention of key talented individuals that would contribute to the overall business strategies. From the results it is evident that Toyota should introduce a talent management policy as this would create a culture of identifying, developing and retaining key talent in order to achieve the overall business objectives. Although there were limitations, this study proved to be beneficial to both the employees and the organization and further recommendations for future studies were made.

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APPENDIX 1

Questionnaire

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS

MBA Research Project

Researcher: Jake John (+27 82 572 5907 / +27 31 910 2216)

Supervisor: Prof. Anesh M. Singh (+27 31 260 7564)

Research Office: Ms P Ximba 031-2603587

Title: Talent Management at Toyota SA

The purpose of this survey is to solicit information from you and other respondents regarding talent management at Toyota SA. The information and ratings you provide us will go a long way in helping us identify if there exists a gap in the management of talent at Toyota SA. Through your participation I hope to understand more about Talent management at Toyota.

Your participation in this project is voluntary. You may refuse to participate or withdraw at any time with no negative consequences. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of business, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above

The questionnaire should only take 5 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no “right” or “wrong” answers

to any question. Work as rapidly as you can. Make sure not to skip any questions.
Thank you for participating.

Questionnaire

Section A- Demographics

1. Gender

- a. Male
- b. Female

2. Race

- a. African
- b. White
- c. Coloured
- d. Indian
- e. Japanese

3. Current position in the company

- a. Administrator
- b. Engineer
- c. Manager
- d. Senior Manager
- e. Other

Section B-Occupational

4. Talent management is extremely important to modern organisation.

Strongly Disagree	Disagree	Agree	Strongly Agree
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5. How important is talent management at Toyota?

Very Low	Low	Average	Important	Very important
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importance	importance	importance		
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6. Should Toyota take talent management more seriously
 - a. Yes
 - b. No
7. If you answered yes to question 6, why should Toyota take talent management more seriously?
 - a. It impacts on profit
 - b. It reduces staff turnover
 - c. It retains talent
 - d. It gives Toyota a competitive edge
 - e. It gives the staff a feeling of belonging
8. In your opinion, talented staff leave Toyota because
 - a. Their talent is not recognised
 - b. There are other HR policies which are a priority
 - c. Toyota doesn't develop talent
 - d. Talented staff are treated no differently from ordinary staff
 - e. Talent management is biased and unfair
9. Toyota could improve their talent pool by
 - a. Providing training and development
 - b. Headhunting from outside the company
 - c. Developing individual career paths for all employees
 - d. Providing flexible working conditions for "talented" employees

10. Who should be tasked with identifying talent

- a. Line managers
- b. Human resources
- c. Peer evaluation
- d. Outside consultants

11. Bringing talent into Toyota from the outside is

- a. Very fair
- b. Very unfair

12. If you answered very unfair to question 11, why do you believe this?

- a. Outsiders displace existing staff
- b. Existing staff have to socialise with the newcomers
- c. The money spent inducting newcomers could be better spent on existing employees
- d. Newcomers disrupt the workplace

13. Is your talent recognised by Toyota?

- a. Yes
- b. No

14. If you answered Yes to Question 13 what makes you say this?

- a. I have been told that I am a valued employee
- b. I have a personalised career development plan
- c. Toyota has invested in my training and development
- d. Toyota has appointed a mentor for me
- e. I have been given additional incentives to retain me

15. If you answered No Question 13 how does this make you feel?

- a. I feel that I need to do more to be recognised
- b. I feel I need more experience before I am recognised
- c. I feel de-motivated
- d. I feel sidelined
- e. I feel strongly about leaving the company

16. Should Toyota SA introduce a Talent Management policy?

- a. Yes
- b. No

17. If you answered yes to question 16 why do you believe they should?

- a. It can be implement fairly
- b. It will ensure consistency
- c. It will ensure that business goals are met
- d. It will ensure individual goals will be met.

End of the Questionnaire

Thank you for taking the time to complete the questionnaire.

APPENDIX 2

Ethical clearance



Research Office, Govan Mbeki Centre
Westville Campus
Private Bag x54001
DURBAN, 4000
Tel No: +27 31 260 8350
Fax No: +27 31 260 4609
snymanm@ukzn.ac.za

27 October 2011

Mr J John (209535325)
Graduate School of Business

Dear Mr John

PROTOCOL REFERENCE NUMBER: HSS/1105/011M
PROJECT TITLE: Talent management at Toyota South Africa

In response to your application dated 17 October 2011, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.
PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

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Professor Steven Collings (Chair)
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

cc. Supervisor – Prof AM Singh
cc. Mrs C Haddon



Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville