

## Changing Dynamics of Talent Management: Analyzing the Impact of Business Environmental Factors

**Dr. Abdul Quddus Mohammed**

Assistant Professor in Business (HR), Business Division, Higher Colleges of Technology, Abu Dhabi, United Arab Emirates

### Abstract

Talent management process makes sure that the organization has sufficient supply of talented employees to meet the organizational goals. However, this aspect is important for organizations especially in the wake of the ever-changing business environmental factors such as political, social and economic factors. To undertake a critical examination of the changing dynamics in the field of talent management, the following research focuses on an analysis of the impact of political, economic and socio-cultural changes on the talent management process in oil and gas companies in GCC. As such, the main objective of the research is to undertake an analysis of the practices of talent management adopted in the oil and gas sector in GCC region and analyze the changing dynamics of the Talent Management process to suggest strategies to manage talent to improve the industry performance. Despite the advanced in the human resource management field, the talent landscape in the GCC region faces challenges in the talent management process such as talent acquisition, talent retention, and talent development. The following research focuses on the use of an empirical quantitative approach towards data collection and interpretation of the obtained data. The research advanced three hypotheses, which are tested in the research. The findings of the research provide evidence that the economic, social and political factors have a significant influence on talent management practices in this region. And it is important to consider the business environmental factors in managing talent by aligning organizational strategy with talent management strategy of the company. The implantation of technology by means of Artificial intelligence, HR analytics and automation will reduce the dependency on more employees and improving the value of HR in the organization by enlightening organizational performance and productivity with few talented employees in line with dynamic business environmental factors.

**Keywords:** Oil and gas sector; GCC; Human capital; Strategic HRM; Talent management; Talent retention; Talent development and talent retention; Talent management strategy; Artificial intelligence; HR analytics.



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### 1. Introduction

Talent management involves set of processes like workforce planning, recruitment, selection, onboarding, performance management, training and development, compensation management, succession planning functions with a purpose to make sure that there is enough supply of talented employees are available to support the needs of the organizational goal achievement (James, 2012). Talent Management focuses on attraction, developing and retention of talent.

Talent management research and practice have significant implications for organizations in the global business environment. This has led to the adoption of new approaches towards understanding and evaluating talent management in organizations (Al Ariss and Crowley-Henry, 2013). A growing interest is being shown by researchers to understand the changing dynamics of the talent management process in the GCC region. The GCC Cooperation Council includes major oil-producing nations, i.e. United Arab Emirates (UAE), Qatar, Saudi Arabia, Oman, Kuwait and Bahrain (Sidani and Al Ariss, 2014). The economy is characterized by the predominance of oil and gas sector and the high proportion of the expatriate population in its active workforce. This extreme heterogeneity of the workforce gives rise to the need to study talent management practices in a specific context of countries (Sidani and Al Ariss, 2014). Moreover, in the changing world economic, political and social scenario, it is necessary to understand the dynamics of talent management, acquisition and retention of globally competitive and highly skilled talent which the proposed research area for this research paper.

The types of political, economic and socio-cultural variables associated with a geographical region need to be examined to further understand the talent attraction, selection, development and retention process (Collings *et al.*, 2011). Talent management theories have been linked to the practice of Human Resource Management in the organization to study the effect of talent management on the firm's performance. Moreover, talent management theories have been based on the assumptions that by maximizing the talents of employees, organizations and businesses can maintain a sustained competitive advantage (Collings *et al.*, 2011). Talent management involves managing the talent of employees, not restricted only to the high performing or high potential employees. Talent management comprehensively includes identifying, attracting and selecting the required talents for global business operations (Tarique and Schuler, 2010). Among other practices of talent management are maintaining or managing the top level talent in a highly competitive business environment. In a more recent context, studies on talent management in relation to diversity management, skilled migration and expatriation have also started to emerge (Al Ariss and Crowley-Henry, 2013).

The talent landscape in the GCC region has been under study due to the unprecedented economic growth due to increasing demand of oil and gas and investment in infrastructure by the governments of these countries. The changing economic and social factors in the nations, the business organizations in public and private sector are facing engaging challenges in the talent management processes such as talent acquisition, talent retention and talent development (Singh *et al.*, 2012). The private sector in countries face a stiff competition from the public sector due to high salary premiums and more comprehensive and sophisticated approach towards total compensation rewards and recognition in the public sector companies (Singh *et al.*, 2012). This research is focused on enhancing the understanding with respect to the talent management process and practices in nations. It is also proposed to identify the changing dynamics of the existing talent management process amidst the evolving political, social, cultural and economic environments in this region.

Since 2014, Oil prices started falling noticeably from the historical heights (FAB, 2018). This economic phenomenon had serious economic implications not only for Oil and Gas companies in GCC (Gulf Cooperation Council) but also impacted the overall economic activities in these countries. International Monetary Fund (IMF) reported that in 2017, the net GCC GDP growth was just 0.5%, the weakest in several years, and down from 2.5 in 2016. It is expected to rebound in 2018 with 2.1% and 2.7 in 2019 (FAB, 2018). These economic fluctuations resulting dynamism in the war for talent. When the oil prices were high there was huge demand for the technical talent and in the current time, when the oil prices are coming down and the countries are OPEC (Oil and Petroleum Exporting Countries) where GCC countries are members, planning for production cuts, it is challenging for the Oil and Gas companies to decide whether to save HR costs by downsizing employees or to invest money in talent attraction, and retention to reap long-term benefits. This paper is an attempt to study the effect of economic, social, political factors of business environment on Oil and Gas companies in GCC and suggest strategies to manage talent to during business environmental fluctuations. This paper is arranged as follows. The section 2 provides the research objectives, followed by the literature review in section 3. Section 4 is focusing on a comprehensive research methodology, this is followed by the section 5 with results, and discussion in section 6. The last section 7 concludes the study of this research paper.

## 2. Research Objectives

The primary objective of the paper is to analyze the practices of talent management adopted by Oil and Gas companies in the GCC region and analyze the changing dynamics of the Talent Management process and suggest strategies to manage talent to during business environmental fluctuations to improve the business performance of the industry. The major objective can be further sub-divided into the following specific objectives:

- 1) To examine the current 'Talent Acquisition' process adopted by the Oil and Gas companies in the GCC region.
- 2) To examine the current 'Talent Retention' process adopted by the Oil and Gas companies in the GCC region.
- 3) To identify the impact of political, economic and socio-cultural factors on the talent management process in the Oil and Gas companies in the GCC region.

### 2.1. Hypotheses

The following hypothesis are developed to achieve the research objectives:

- 1) H1 – Economic, Political and Socio-cultural factors have a significant effect on the talent acquisition process effectiveness in oil and gas companies in the GCC
- 2) H2 - Economic, Political and Socio-cultural factors have a significant effect on the talent retention process effectiveness in oil and gas companies in the GCC
- 3) H3 - Economic, Political and Socio-cultural factors have a significant effect on the talent management process effectiveness in oil and gas companies in the GCC

## 3. Literature Review

### 3.1. Talent Acquisition

Research notes that the talent acquisition involves a multi-layered process which applies a strategic approach in the identification, attraction and onboarding of top talent with the aim of effectively and efficiently meeting the dynamic needs of business (Meyers and Van Woerkom, 2014; Sparrow and Makram, 2015). Bali and Dixit (2016), maintain that talent acquisition process involves the application of best practices in an ongoing process that takes place before and after the individual is hired. According to Biygautane and Al Yahya (2014) the global economic recession and organizational performance have challenged the government and private sector's ability to attract, manage and retain human capital and knowledge resources in a sustainable manner. The countries have historically faced talent management related challenges due to the shortage of national skills and knowledge resources and the reliance on many expatriates in the workforce (Biygautane and Al Yahya, 2014). The ambitious economic development plans and massive scale project implementation and the continuous need to invest in these resources have made talent management process all the more significant for these countries. The authors suggested curbing the unemployment rates by reinvigorating the role of the private sector in the economy. Further, they suggested that the countries should focus on the training and education of their national workforce. Hence, implicating that knowledge management tools and mechanisms are critical to guarantee an effective transfer of knowledge and skills from the expatriate workers to the national workforce for the nationalization policies to become successful. However, the

foreign workforce remains essential for the countries and consequently, the talent management practices and processes as well.

Talent management is considered critical to the success of organizations in the global business age for coping with the labour market challenges and acquiring skilful talent to compete internationally (General *et al.*, 2012). In their study based on the interviews with Corporate Executive Officers (CEOs) of the multinational organizations in the region, the authors found that many challenging workforce-related issues are faced by these organizations rendering talent management processes an absolute requirement. Issues highlighted by the respondents in their study include high turnover rates, low levels of employee engagement, diversity management, self-organizing schemes, effective leadership and succession planning programs. Interviews with the CEOs in The study also revealed that larger organizations have specific policies and plans for nationalization and recruitment of locals to meet the guidelines and regulatory requirements specified by the local governments in the region (General *et al.*, 2012).

As per Al-Asfour and Khan (2014), key initiatives are being taken by the Government of Saudi Arabia for localization of the human resource capital referred to as the 'Saudization'. Several issues are faced by the public and private sectors in Saudi Arabia in effectively dealing with the workforce localization regarding replacement of expatriate workforce and skill development strategy for the local workforce. The authors highlight the strong need for the development of a comprehensive 'Human Resource Framework' for the skill development and training of the local workforce as per the job market demands. They further suggested that a holistic multi-pronged approach is needed which will be based on the participation from all stakeholders in dealing with the emergent business challenges due to the replacement of the expatriate workforce (Al-Asfour and Khan, 2014).

In their study, Hejase *et al.* (2016) found that the companies are reluctant to expand their workforce and try to optimize the vacancy requirements by involving the current workforce. Moreover, instead of expanding their workforce, companies are more inclined towards outsourcing and contractual employment to decrease the cost of maintaining a larger workforce in the prevailing economic market conditions all over the world.

### 3.2. Talent Retention

The talent retention process involves a balanced approach to talent optimization in which the firm has positive talent acquisition, development, and performance processes, policies and strategies for the maximization of the outcomes from the talent investments- greater customer purchasing or retention, greater quality, higher employee productivity, and strong financial and operational performance (Pandita and Ray, 2018; Tlaiss *et al.*, 2017). Employee turnover and lower employee retention rates have been a challenge for the developing Saudi Arabian economy and the human resource managers there. According to Iqbal (2010), most of the employers and human resource managers in Saudi Arabia are unaware of the reasons for employee turnover. Moreover, employee turnover results in additional costs for the organizations and disrupt the work team dynamics, unit performance and operations. To retain their best employees, organizations must effectively communicate with the employees regarding the rewards, work environment, productivity standards and ensure delivering on such parameters and promises (Iqbal, 2010).

Mello (2011), describes the factors responsible for talent retention in a strong employment market to include opportunities for personal growth and development, congenial work environment, value-driven management and opportunity for interesting work. However, employee retention remains a significant challenge for the organizations and that irrespective of the other retention factors, higher salary relative to the market continues to be the most important factor influencing employee retention (Mello, 2011).

The challenges in talent acquisition and talent retention by organizations can be attributed to competition in the job market and the lack of availability of highly talented and skilled employees (Hejase *et al.*, 2016). The human resource departments, in the highly global and competitive business environment, are focusing on strategic management of human resources in alignment with the organizational goals and not merely focusing on the talent recruitment and development process. Therefore, talent management is being adopted as a strategic process to capture the best talent management practices in a competitive and global marketplace. The authors also found in their study that almost 60% of the organizations in their sample study did not have a strategy in place to retain their employees and deal with the competitors headhunting their employees.

Staff retention problems affect organizational productivity and performance according to Alnaqbi (2011) who posits that human resource managers must face serious challenges in retaining the talented and highly skilled workforce in a highly competitive global work environment. Alnaqbi explored the factors such as job satisfaction, organizational commitment and leadership styles in the context of their effect on employee retention in the public sector organizations of United Arab Emirates (UAE). The study was a comparative study based on public sector organizations in Sharjah and Dubai and was conducted employing a mixed research approach with both quantitative as well as qualitative research through survey questionnaires and interviews. According to Alnaqbi (2011), job description, job security and job profile are the aspects of job satisfaction that influence the likelihood of retention of employees in the public sector organizations of UAE. Moreover, his study found that decentralization and reduced hierarchy at workplace along with greater autonomy, accountability and empowerment also influence employee retention in the organizations (Alnaqbi, 2011).

### 3.3. Political, Economic and Socio - Cultural Factors

Ahammad *et al.* (2016), explored the impact of factor like cultural distance influencing knowledge transfer and crossed border acquisition performance and also on the employee retention in case of expatriate workers. Their study findings indicate that employee retention and knowledge transfers have a positive impact on the performance of

expatriate workers or cross border acquisitions. Moreover, their study also revealed that differences in the organizational culture negatively influences as well as mediates the relationship between knowledge transfers and performance of cross border acquisition workers (Ahammad *et al.*, 2016).

According to Achoui and Mansour (2007) the employee turnover rate in Saudi companies and the Saudi market is very high, specifically in the context of the private sector. Achoui and Mansour attribute these high employee turnover rates in the private sector to certain political and economic factors. For instance, the 'Saudization' policy of the Saudi government requires the private sector companies to attain a certain percentage of Saudi workers, and this leads to the high competition in the private sector for the limited number of qualified Saudi workers. Similarly, the economic development and the market development of the private sector also heighten the problem of acquiring more qualified Saudis by the private sector companies, thereby, contributing to the employee retention challenges faced by the organizations in the Kingdom of Saudi Arabia (Achoui and Mansour, 2007).

In the context of the socio-cultural factors influencing the talent retention and talent acquisition in the oil and gas companies, Alnaqbi (2011) found that organizational work environment concerning employee growth culture and work conditions such as office space influence the retention process of government employees. According to the participants of this study national culture also impacts the organizational culture and therefore, the management culture, leadership style and national policies also influence the retention of employees in oil and gas companies.

#### 4. Research Methodology

Research methodology describes the philosophical assumptions, research strategies, and other specific methods used to conduct the research (Creswell, 2013). Simply put, research methodology is the planning process for achieving the aim of the research mentioned. The philosophical worldviews comprising of positivism, constructivism, interpretivism and pragmatism are regarded as the research paradigm. Research paradigm is also defined as the set of theories, frameworks, research approaches, models and research methodologies deployed by the researchers (Taylor and Medina, 2013) to justify the study. This research adopts the Positivist paradigm which is connected to the natural science and is suitable for researching in a scientific manner leading to the production of credible data based on existing theories. The current study also uses mathematical and statistical approaches that will help in obtaining valid data for analyzing the specific research questions about talent management in countries. Therefore, the research adopts an empirical quantitative approach towards data collection and interpretation of the obtained data.

A Descriptive research design gives a structure to the whole research explaining the arrangement of different steps involved in the process of data collection and interpretation. Other types of research design include exploratory and explanatory. This research adopts the Descriptive design since descriptive plans are utilized when the researcher's motivation is to precisely delineate the status of at least one factor or to depict particular situations of human experience (Creswell, 2013). In the present case, it is suitable considering that this research seeks to evaluate the impact of socio-cultural and political, the economic environment on talent management to analyze the changing dynamics of the Talent management process in.

The research approach according to Brannen (2017) can be broadly classified as Qualitative, Quantitative and Mixed approach. A quantitative approach is a rather scientific and objective method for data collection and interpretation. This study uses a quantitative approach to measure the impact of different factors on the talent acquisition, and retention in the GCC economies. For this purpose, the researcher will collect quantitative data using the survey approach.

Data collection can be of two types- primary and secondary. Primary data refers to the original data collected for a specific goal. It adds fresh data to the existing store of social knowledge. Surveys can be used to collect primary data using survey instruments, such as structured and semi-structured questionnaires (Hox and Boeije, 2005). The researcher collects primary data through close-ended questionnaires based on 5 points Likert's scale where 1= Strongly Agree and 5= Strongly Disagree. The survey questionnaires will be mailed to the respondents with prior consent.

Determining the sampling design is essential for the collection of data relevant to the research design. The current research is focused on analyzing the dynamic changes in talent management particularly in the GCC region. The sample population of this study will comprise of the Oil and Gas sector companies of . The target population for this survey will be the Human resource managers of Oil and Gas companies in. The sample size of the respondents is identified as 100 HR managers selected by random sampling techniques. However, the final sample size of 30 was determined based on the acceptance of the respondents to participate in the survey.

Data Analysis and Interpretation techniques and tools deployed in this study will be SPSS software for data analysis. The tools for analysis and interpretation will be descriptive statistical tests, which includes Standard Deviations and Mean, Cronbach alpha, Pearson coefficient of correlation and Regression test.

#### 5. Results

Thirty respondents participated in this study. As observed in the table 1, 50% (N = 15) of the respondents were aged between 20 – 30 years, and 60% respondents were males (N = 18). In education, a majority, i.e. N = 12 (40%) indicated to have Bachelor degree while regarding work experience, 40% indicated to have 5 – 10 years of experience. Similarly, 12 out of 30 respondents indicated that the size of their organization was 101 – 500 employees.

**Table-1.** Descriptive Statistics of the Respondents

Factor		N	%
Age	18 - 20	7	23.3
	20 - 30	15	50
	30 - 40	8	26.7
Gender	Male	18	60
	Female	12	40
Education	Higher secondary	7	23.3
	Bachelor	12	40
	Master	11	36.7
Work Experience	0 - 1 year	2	6.7
	1 - 5 years	10	33.3
	5 - 10 years	12	40
	More than 10 years	6	20
Organization Size	0-50 employees	8	26.7
	51-100 employees	7	23.3
	101-500 employees	12	40
	More than 501 employees	3	10

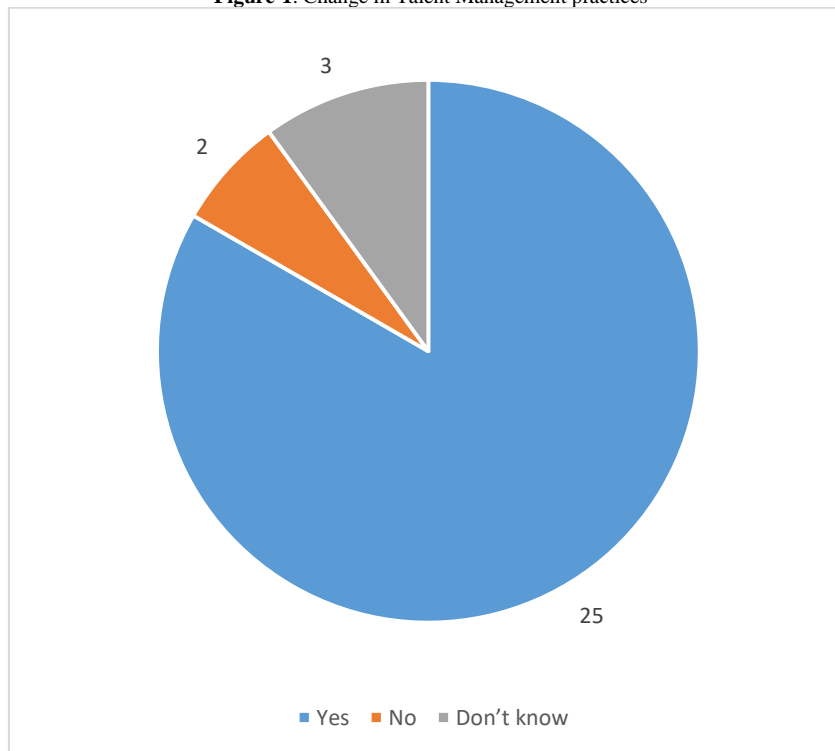
### 5.1. Internal Consistency

To measure the internal consistency of the dataset, the Cronbach Alpha test was conducted, which provides a measure of the reliability of the data being analyzed. In this research study, the Cronbach Alpha coefficient is identified as 0.921, which indicates a high internal consistency implying a high reliability of the dataset.

### 5.2. Current Scenario of Talent Management

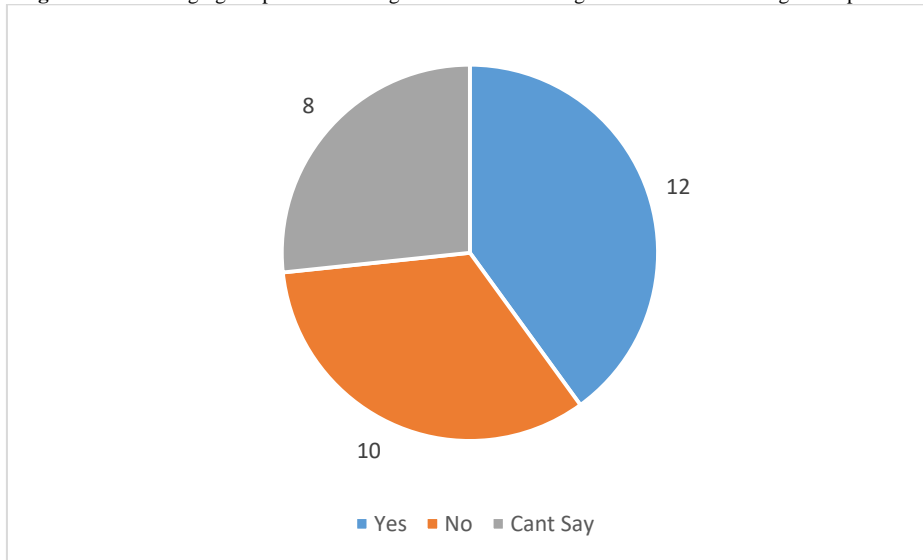
To examine the current scenario of talent management with in the organizations of the respondents, the respondents were asked a series of questions. When asked if the respondents' organization had any change in the Talent Management practices over the years, a majority (N = 25; 83.3%) agreed to the question [see figure 1]. Similarly, regarding the organization employing Expatriate or Foreign workers, 28 respondents (93.3%) agreed. Also, if the changing political and legal situation in the region affects talent management practices in the organization, 12 respondents (40%) indicated their agreement, while ten respondents (33.3%) disagreed, and the remaining eight were not sure [See figure 2]. When asked if socio-economic conditions influence the prevailing talent management practices in their organization, a majority (N = 25; 83.3%) agreed to the question [See figure 3].

**Figure-1.** Change in Talent Management practices

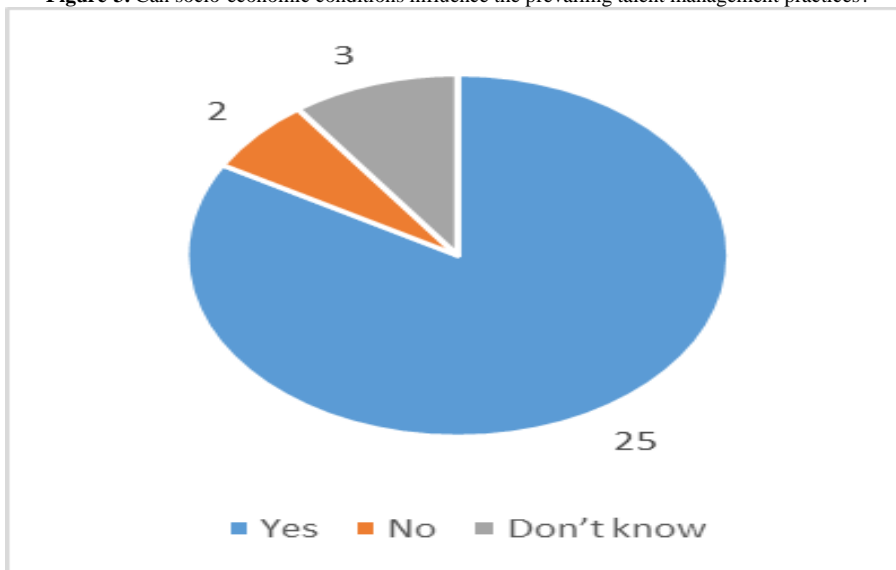




**Figure-2.** Can changing the political and legal situation in the region affects talent management practices



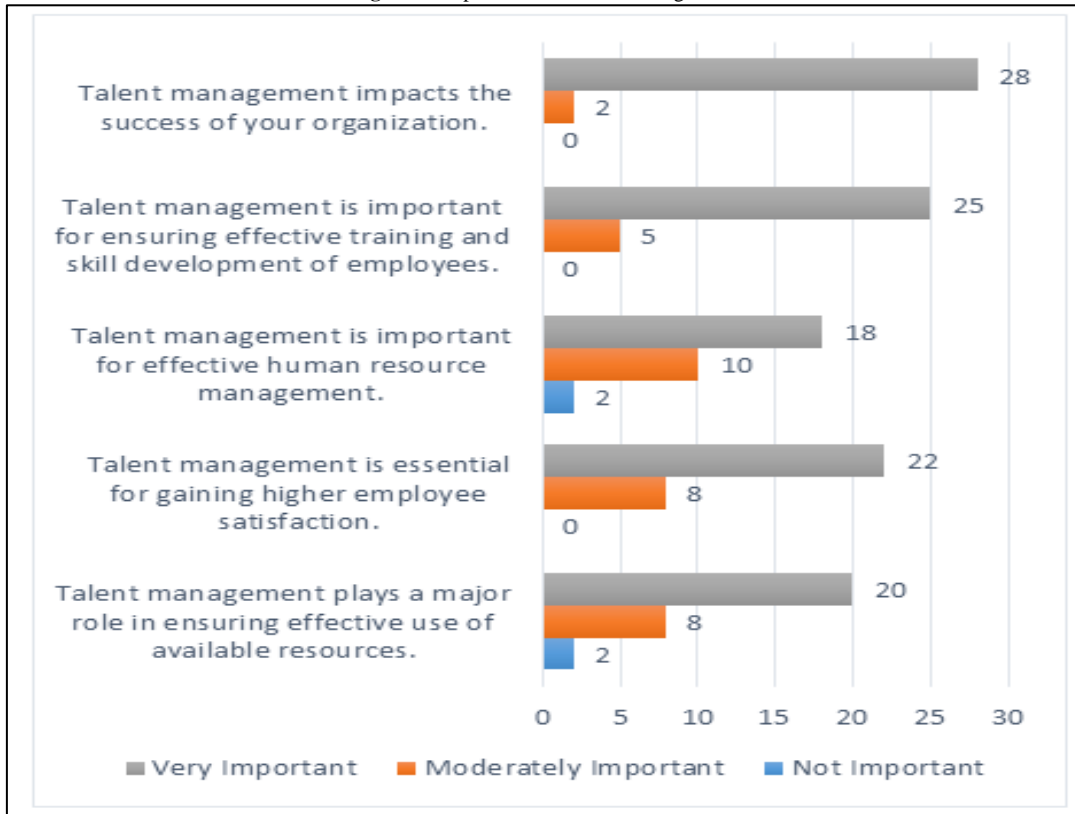
**Figure-3.** Can socio-economic conditions influence the prevailing talent management practices?



### 5.3. Importance of Talent Management

In this section, an examination of the importance of talent management within the respondents' organization is undertaken. As seen in figure 4, 20 out of 30 respondents (66.7%) indicated that talent management plays a major role in ensuring effective use of available resources. Similarly, 22 respondents (73.3%) indicated that talent management is essential for gaining higher employee satisfaction. When asked if talent management is important for effective human resource management, 18 respondents (60%) strongly agreed. Also, when asked if talent management is important for ensuring effective training and skill development of employees, 25 respondents (83.3%) indicated their strong agreement. If Talent management impacts the success of the organization, 28 out of 30 respondents indicated it as very important. This indicated that the respondents were well-aware of the importance of talent management for an organization and also, understand the components that lead to effective talent management.

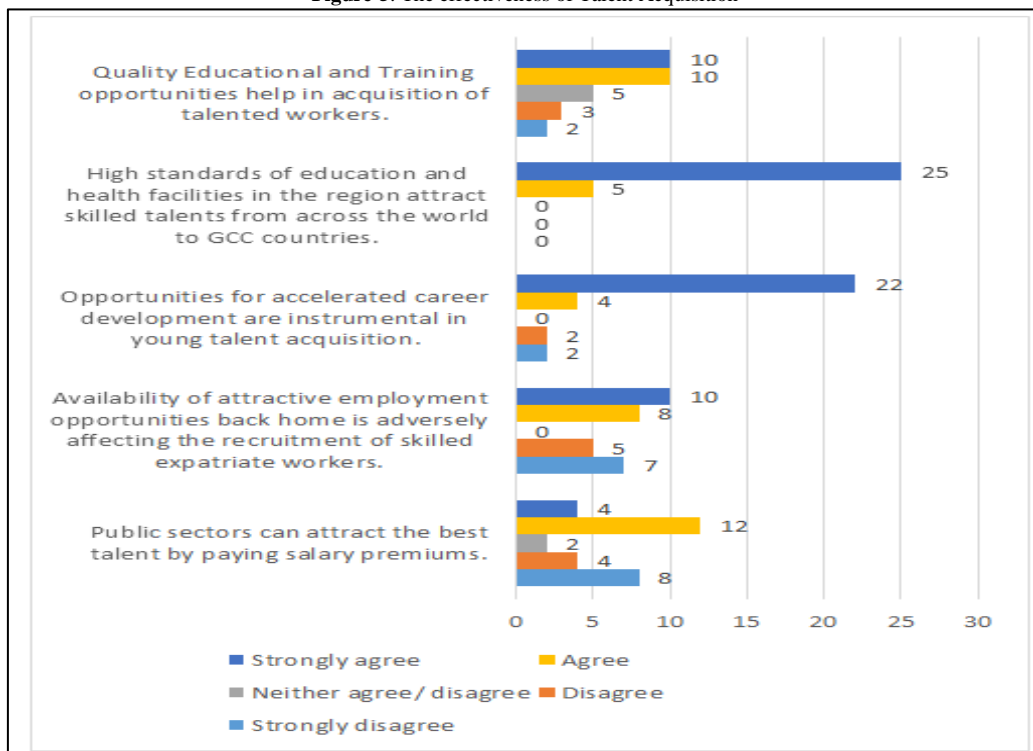
Figure-4. Importance of Talent Management



### 5.4. Talent Acquisition Effectiveness

In this section, the status of talent acquisition and its effectiveness as part of the talent management process in the respondents' organization is assessed. As observed in figure 5, a high agreement was observed for 'Opportunities for accelerated career development are instrumental in young talent acquisition (N = 26)' and 'High standards of education and health facilities in the region attract skilled talents from across the world to countries (N = 30)'. This indicates that the respondents' opinion on the effectiveness of talent acquisition about young talent and high standards of education and health care in the region. The respondents were found to have some level of confusion on statements such as oil and gas sectors can attract the best talent by paying salary premiums' and 'Availability of attractive employment opportunities back home is adversely affecting the recruitment of skilled expatriate workers' as these received an almost equal number of responses.

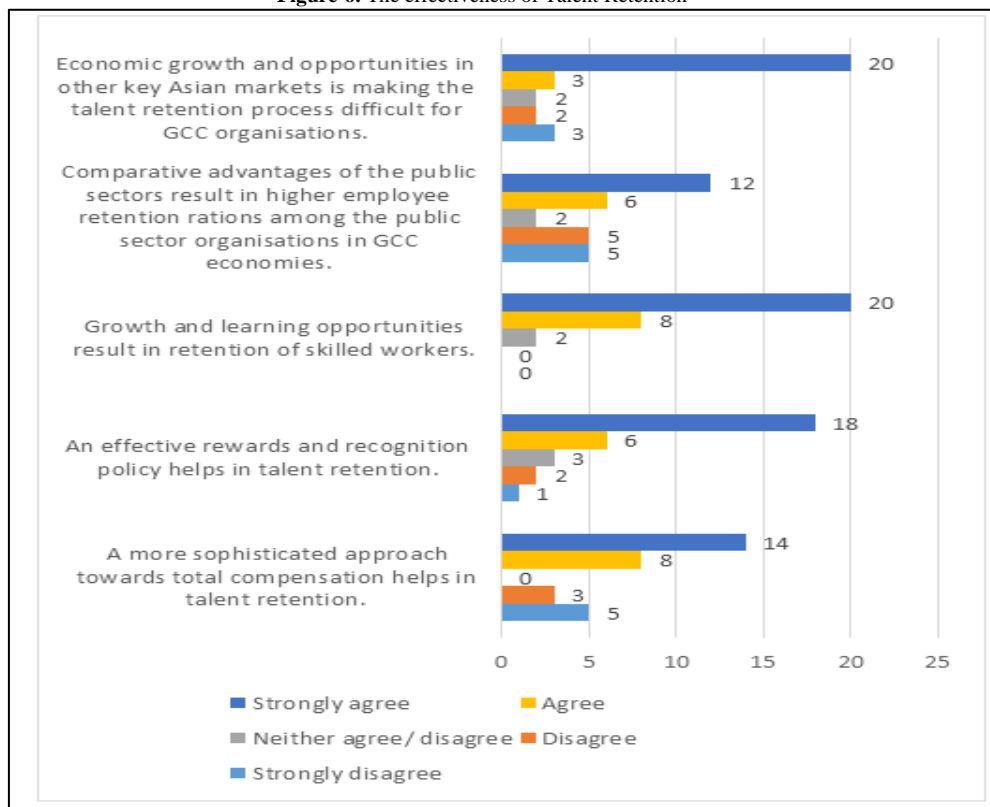
Figure-5. The effectiveness of Talent Acquisition



### 5.5. Talent Retention Effectiveness

In this section, the current status of talent retention and its effectiveness as part of the talent management process in the respondents' organization is assessed. As seen in the figure 6, a high level of agreement is observed for statements 'A more sophisticated approach towards total compensation helps in talent retention (N = 22)', 'An effective rewards and recognition policy helps in talent retention (N = 24)' and 'Growth and learning opportunities result in retention of skilled workers (N = 28)'. This indicates that the respondents emphasize the efficiency of talent retention to increase in their organizations by focusing on a streamlined approach in compensation management, developing rewards and recognition policy and provision of growth and development opportunities. Also, respondents acknowledged that 'Economic growth and opportunities in other key Asian markets are making the talent retention process difficult for organizations (N = 23)'. A slight apprehension can be observed in the responses for the statement 'Comparative advantages of the oil and gas sectors result in higher employee retention ratios among the oil and gas companies in economies' as ten respondents disagreed and two respondents indicated a neutral view

Figure-6. The effectiveness of Talent Retention

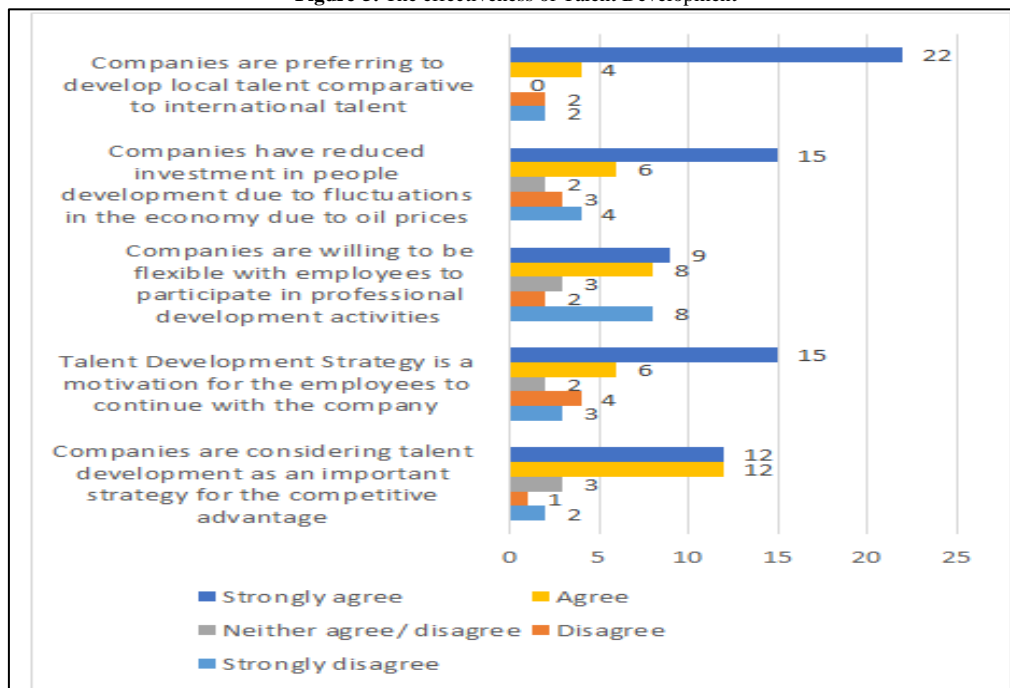


### 5.6. Talent Development Effectiveness

In this section, the status of talent development and its effectiveness as part of the talent management process in the respondents' organization is assessed. As observed in figure 7, a high agreement was observed for 'companies are considering talent development as an important strategy for the competitive advantage (N = 24)' and 'companies are preferring to develop local talent comparative to international talent (N = 26)'. This indicates that the respondents view talent development to be a part of company strategy and its preferences in local talent development vs international. Respondents indicated agreement (N = 21) on the need for Talent Development Strategy as a motivation factor for the employees to continue with the company. Similarly, companies are willing to be flexible with employees to participate in professional development activities (N = 17) in order to promote talent development. However, talent development is accepted to be affected by economic fluctuation as N = 21 agreed that 'Companies have reduced investment in people development due to fluctuations in the economy due to oil prices fluctuations'.



Figure-5. The effectiveness of Talent Development



### 5.7. Correlation Analysis

A statistically significant relationship is observed between Economic, Political and Socio-cultural factors and talent acquisition, talent retention and talent management, as observed in table 2 below. The Pearson correlation coefficient is considered to measure the relationship strength between the variables. A high positive correlation is observed between talent management and economic (.741) and socio-cultural factors (.773). Similarly, a moderate positive correlation is observed between economic factors and talent acquisition (.529) and talent retention (.683). A moderate positive correlation is also found between political factors and talent acquisition (.517) and talent retention (.516). Talent development and importance of talent management was found to hold a weak but positive significant relationship (.418).

Table-2. Correlation between the variables

	Economic	Political	Social- Cultural	Importance of Talent Management
Talent Acquisition	.529**	.517**	.540**	.338
Talent Retention	.683**	.516**	.590**	.189
Talent Development	.741**	.649**	.773**	.418*

### 5.8. Examining the Hypothesis

To examine the three hypotheses (as listed in section I), a linear regression test was utilized. The independent variables considered are the three factors (Economic, Political and Socio-cultural) and the dependent variables are a talent acquisition, talent retention and talent management. The aim is to identify if there is an impact of political, economic and socio-cultural factors on the talent management process in the oil and gas companies in the GCC region.

**H1** – Economic, Political and Socio-cultural factors have a significant effect on the talent acquisition process effectiveness in oil and gas sector companies in GCC

A statistically significant relationship is observed between the independent variables – economic, political and socio-cultural factors, and the dependent variable – talent acquisition, as seen in the table 3. Individually, economic factors are found to have a significant effect ( $p = 0.003 < 0.05$ ) on the talent acquisition process in GCC sector oil and gas companies in the [Refer to model 1]. Similarly, economic and political factors, represented by Model 2, is also found to have a significant effect ( $p = 0.004 < 0.05$ ) on talent acquisition effectiveness. Model 3, which contains the combined effect of economic, political and socio-cultural factors is also found to have a significant effect on talent acquisition efficiency ( $p = 0.012 < 0.05$ ). This leads to the confirmation of the first hypothesis (rejecting the null hypothesis) that Economic, Political and Socio-cultural factors have a significant effect on the talent acquisition process effectiveness in GCC oil and gas companies.

**Table-3.** The relationship between Economic, Political and Socio-cultural factors and Talent Acquisition

Model	Sum of Squares	Df	Mean square	F	Sig.
1. Regression	64.382	1	64.382	10.865	.003 <sup>a</sup>
Residual	165.918	28	5.926		
<b>Total</b>	<b>230.300</b>	<b>29</b>			
2. Regression	76.185	2	38.093	6.674	.004 <sup>b</sup>
Residual	154.115	27	5.708		
<b>Total</b>	<b>230.300</b>	<b>29</b>			
3. Regression	78.378	3	26.126	4.471	.012 <sup>c</sup>
Residual	151.922	26	5.843		
<b>Total</b>	<b>230.300</b>	<b>29</b>			

a. Economic

b. Economic and Political

c. Economic, Political, Socio-cultural

**H2** - Economic, Political and Socio-cultural factors have a significant effect on the talent retention process effectiveness in oil and gas companies in GCC

A statistically significant relationship is observed between the independent variables – economic, political and socio-cultural factors, and the dependent variable – talent retention, as seen in table 4. Model 3, which contains the combined effect of economic, political and socio-cultural factors is also found to have a significant effect on talent retention efficiency ( $p = 0.001 < 0.05$ ). Individually, economic factors are found to have a significant effect ( $p = 0.000 < 0.05$ ) on talent retention process in public sector oil companies in the [model 1], and so does the model 2, i.e. economic and political factors combined effect ( $p = 0.000 < 0.05$ ) on talent retention effectiveness. This leads to the confirmation of the second hypothesis (rejecting the null hypothesis) that Economic, Political and Socio-cultural factors have a significant effect on the talent retention process effectiveness in oil and gas companies in GCC.

**Table-4.** ANOVA between Economic, Political and Socio-cultural factors and Talent Retention

Model	Sum of Squares	Df	Mean square	F	Sig.
1. Regression	302.476	1	302.476	24.490	.000 <sup>a</sup>
Residual	345.827	28	12.351		
<b>Total</b>	<b>648.300</b>	<b>29</b>			
2. Regression	307.776	2	153.888	12.202	.000 <sup>b</sup>
Residual	340.524	27	12.612		
<b>Total</b>	<b>648.300</b>	<b>29</b>			
3. Regression	312.345	3	104.115	8.058	.001 <sup>c</sup>
Residual	335.955	26	12.921		
<b>Total</b>	<b>648.300</b>	<b>29</b>			

a. Economic

b. Economic and Political

c. Economic, Political, Socio-cultural

**H3** - Economic, Political and Socio-cultural factors have a significant effect on the talent management process effectiveness in oil and gas companies GCC.

A statistically significant relationship is observed between economic, political and socio-cultural factors, and talent development, as seen in table 5. Individually, economic factors are found to have a significant effect ( $p = 0.000 < 0.05$ ) on the talent development process in public sector oil companies in the [Model 1]. Similarly, economic and political factors, Model 2, is found to have a significant effect ( $p = 0.000 < 0.05$ ) on talent development process effectiveness. Model 3, which contains the combined effect of economic, political and socio-cultural factors is also found to have a significant effect on talent development efficiency ( $p = 0.000 < 0.05$ ). This leads to the confirmation of the third hypothesis (rejecting the null hypothesis) that Economic, Political and Socio-cultural factors have a significant effect on the talent development process effectiveness in oil and gas companies in GCC.

**Table-5.** ANOVA between Economic, Political and Socio-cultural factors and Talent Development

Model	Sum of Squares	Df	Mean square	F	Sig.
1. Regression	510.211	1	510.211	34.096	.000 <sup>a</sup>
Residual	418.989	28	14.964		
<b>Total</b>	<b>929.200</b>	<b>29</b>			
2. Regression	553.724	2	276.862	19.909	.000 <sup>b</sup>
Residual	375.476	27	13.907		
<b>Total</b>	<b>929.200</b>	<b>29</b>			
3. Regression	590.557	3	196.852	15.114	.000 <sup>c</sup>
Residual	338.643	26	13.025		
<b>Total</b>	<b>929.200</b>	<b>29</b>			

a. Economic

b. Economic and Political

c. Economic, Political, Socio-cultural

## 5. Discussion and Findings

The findings of the research identified that there is a significant shift in the talent management processes over the years. The respondents identified that the factors have contributed to this significant change include the change in the legal and political situation in the region as well as the prevailing socio-economic conditions in the organization. On the importance of talent management, the findings identify that it plays a relevant role in the ensuring of effective use of the firm's available resources and serves as an important component of the effective training a skill development of the employees.

In the testing of the hypothesis, the research points out that there is a significant effect of the economic, political and socio-cultural factors as independent variables on the talent acquisition processes, talent management, and talent retention effectiveness. Following is the interpretation presented briefly about In GCC oil and gas companies:

1. *The political factors as highlighted have a significant effect on the talent management practices oil and gas sector in GCC.*

While the intent of nationalization programs has been primarily the development of the nationals with the required knowledge and skills required for success in their chosen field, it is intently a response to the practice in the private sector which has prominently focused on the development of expatriate talent as opposed to the hiring of locals to meet their human capital quotas and making little effort in their development. The finding also supports Achoui and Mansour (2007) whose findings point that the nationalization policies, as a government policy, influence the competition for the qualified workers.

2. *The pressure from the economic environment has a significant effect on talent management practices in oil and gas companies in GCC.*

The findings support previous research (Collings, 2014; Hejase et al., 2016; Iqbal, 2010) which points that the economic status of a country challenges a firm's ability to attract, manage and retain knowledge and human capital resources in a more sustainable manner. In the ambitious economic development plans have enhanced the role that the private sector has to play in the economy. Therefore, the focus has shifted to focus on the effective transfer of knowledge and skills from the expatriate workers to the national workforce through successful nationalization policies.

3. *The pressure from the socio-cultural environment has a significant effect on the talent management practices in oil and gas companies in GCC sector.*

The findings support previous research (Meyers and Van Woerkom, 2014; Tlaiss et al., 2017) which points that the socio-cultural environment has a significant influence on the practice of talent management. Alnaqbi (2011) notes that the growth of the employees and the work conditions contribute to the retention of workers in public sector organizations. Therefore, the organizational work environment which includes the office space, the company culture, the leadership style, the management culture, and the employee growth culture which comprise the socio-cultural environment can significantly influence the talent management processes in oil and gas companies.

The talent management practices in oil and gas companies in light of the findings should be organization specific and created to address the economic, political and socio-cultural environment. Research notes that the best approach in the talent management processes requires a proactive approach which focuses on practices that ensure there is the attraction of talented employees which are a very demanded and valuable commodity in (Collings, 2014; General et al., 2012). Through talent management, the firms will ensure employee loyalty and engagement levels through enforced innovative talent retention practices which are in line with the firm setup and culture (Iqbal, 2010). Finally, the assignment of clear objectives and design of initiatives and goals required in ensuring that the talented nationals at different expertise and levels available in the workforce (Biygautane and Al Yahya, 2014).

## 6. Conclusion

From the above discussion, it can be concluded that this research proves that political, social and economic factors affect the talent management practices of oils and gas companies in GCC. Talent management involves use of right skills and capability of employees in a workforce that make a positive impact on the profitability of a company (Biygautane and Al Yahya, 2014).

It is suggested that the oil and gas companies in GCC should strive for achieving sustained competitive advantage through people by focusing on the formulation, development, implantation, and evaluation of talent management strategy in line with the company strategy and the business environmental factors. Companies can implement selective recruitment, selection and performance-based pay, teamwork and information sharing and communication approaches in human resources management (Jeffrey, 1996) because most of the oil and gas companies are going for the cost cutting measures to manage human resources. Oil and gas companies can refresh their talent management strategy in line with the modern developments in the technology by implementing artificial intelligence, automation and human-machine interaction and HR analytics to make sure the companies are able to improve the value creation to organizations through people and to measure the contribution of each employee in line with improving organizational performance and productivity. By means of this the HR will be able to select right person for the right job, compensation and benefits management, performance management in more fact and evidence-based data approach. AI and HR analytics allow the companies to deliver HR functions with reduced workforce, which can benefit the companies that are already suffering economic crisis because of oil price fluctuations and increase in the number of population growth.

It makes a complete focus on the adaption of talent management in oil companies situated at the sector. After analyzing this, it is recommended that to ensure the right growth of a business and to make a good competitive image in the market, it is essential for every business to adopt the change and talented people in an organization (Al Ariss and Crowley-Henry, 2013). It also requires the manager to allocate the task and work as per the capability and education or skills of the people so that employees will be able to work more effective manner. By analyzing the report of employees and proper training also helps to improve the productivity level of the employees in the right way.

Overall, the oil and gas companies in GCC are affected by the business environmental factors such as political, social and economic factors, this is the reason the companies should focus on adopting Artificial Intelligence, HR analytics based talent management strategy to predict the talent needs in advance, and developing an appropriate sourcing strategy and talent pools for succession planning, focusing on performance based pay can improve retention of talented employees and training and development function should be more dynamic that the employees are prepared if any job design changes happening due to fluctuations in the business environment.

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