Talent Development in light of Satisfaction and Career Success

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Abstract
Most organizations are suffering from staffing difficulties, increasing the importance of employee retention. Labor markets in the developing regions of the world are entering a new phase which is characterized by talented and efficient workforce scarcity. This study aimed to empirically develop and test a model of talent management in the Iranian government research institutes that operating in humanities. We developed and examined a model that predicted relationships among intrinsic rewards and three important outcomes of organizational and managerial practices: retention, career success, and satisfaction with the organization. Data were collected from 387 employees that randomly selected from fifteen government institutes. Standard questionnaire were used to data collection and analysis. Results show that intrinsic rewards are a mediating variable in retention of employees and in Iranian environment: employee satisfaction is more important than career success to retention them. The social responsibility of the employer, pride in the organization, PM practices, and manager support were identified as antecedents of intrinsic rewards. Our findings have broad implications for both research and practice.

Key words:
Retention, Talent Management, Intrinsic Rewards; Performance management.
1. Introduction

Organizations are now facing significant workforce shortages due, for the most part, to considerable demographic changes in the labor (Olckers and Plessis, 2012). The increased demand for skilled and talent workers in a supply-constrained labor market, resulting from an aging workforce and declining birth rates, is giving rise to significant talent shortages. Having more jobs demand than supply of available qualified individuals in the labor force; has led companies to compete aggressively for talent. This competitive situation should incite all organizations to devote more resources to the ways in which they attract, develop, and retain talent at all levels. Talent management of knowledge workers and managers is of strategic importance in all organizations. Organizations are facing severe difficulties recruiting and retaining the necessary talent to achieve organizational goal (Scullion, Caliguiri, & Collings, 2008). Organizations are facing talent management difficulties in many regions of the world, the challenges are most acute for young professionals and new managers in emerging markets—Iran is a prime example. There have not been enough qualified candidates to meet the demand for talent. The highly-educated professional employee is less a malleable resource for the company and more a mobile investor of his/her own intellectual, social and emotional capitals. The labor market is increasingly favoring the talented employee in the employment relationship. Understanding and effectively managing the psychological contract will help organizations thrive, but there needs to be clear agreement on the contributions that the employees make and employers expect. To compete in today’s highly competitive business market (Arnold & Randall, 2010), organizations must recruit top talent and retain talented employees who have psychological connections with their work and organizations. Locally and internationally, skilled employees can choose from a larger pool of jobs in the contemporary world of work.

One of the basic challenges that today’s managers are facing with that is finding methods of reducing employee turnover – especially the turnover of skilled/talented employees (Ready & Conger, 2007; Meisinger, 2007). As the ‘war for skilled talent’ escalates, according to Bhatnagar (2007), it becomes increasingly important to explore the psychological factors that influence employees’ commitment and loyalty so that organizations can retain their skilled employees. Human Capital at Deloitte conducted research amongst a wide range of companies across all industry sectors in South Africa and published it in The South African guide to executive remuneration and reward. It showed that South African businesses lose up to 50% of their executives every four to five years. More than a third (35%) of executives gave better employment opportunities as their reason for leaving their present organizations (Olckers & Plessis, 2012). Therefore, organizations have to face the major challenge of retaining their best and most talented staff. Employee turnover, especially in difficult economic times, can drain the intellectual capital of organizations badly. Furthermore, increasing job mobility in the global knowledge economy, where employees average are six employers in a career (Grobler & Bruyn, 2011), exacerbate the retention challenge. Yet, there has been little research taking a comprehensive view of talent management in emerging markets -i.e., the best practices for the attraction, on-boarding, development,
appraisal, motivation, retention and/or redeployment of professional talent. Although companies in the past, put a great deal of emphasis on issues such as a healthy and safe working environment, job enrichment, proper communication, financial incentives; but today organizations invest a large amount of money and many hours in talent training and development. However, it has become apparent that this is not sufficient, particularly for generation X and Y employees, who are now a major part of the workforce. Thus, to motivate and retain employees need other strategies such as intrinsic rewards to be devised, (Grobler & Bruyn, 2011). A number of reasons can be advanced for this new strategy:

1. Companies have recognized that if they need to undertake major retrenchments they will not be able to obtain the lost talent with the next economic generation.
2. The cost of retraining new employees is enormous and retraining is time consuming (Cheese, 2008).

Both large and small businesses are now engaged in a war for talent (Frase, 2007). All businesses have found that, in order to survive, they must not only obtain the best talent available but once they have obtained the best talent they must make every endeavor to retain them (Grobler & Bruyn, 2011). Research that investigates the degree to which professional employees’ engagement in their work might influence retention is sparse. One study, with a modest sample, suggests that the intrinsic rewards related to work engagement may lead to high retention (Bhatnagar, 2007). Larger samples across firms with reliable construct measures are needed to extend our understanding of how the intrinsic rewards experienced affect the talent management of knowledge workers in emerging markets.

Scullion, Caligiuri, and Collings (2010) note that organizations are not often successful in deploying their talent effectively once recruited. The expensive process of hiring is followed by attrition as on-boarding, managerial support, and PM systems are often ignored for these newcomers. By examining organizational and intrinsic reward influences on employee retention in Iranian companies, we respond to the call for greater attention to these challenges in defining and testing our research questions (Campbell, Daft, & Hulin, 1982; Cascio, 2008). As Luthans, Zhu, and Avolio (2006) explain, there is an urgent need to empirically investigate the connection and operation of constructs to critical organizational issues in non-Western cultures.

The Iranian environment presents an especially interesting setting for exploring these questions. When compared to the United States and Western European countries, Iranian culture has been found to be high in “power distance”-Iranians are comfortable with, and accepting of, differences in power and influence in societies and organizations (Hofstede, 2001). Iran is also much more “collectivist” than the United States or Western Europe, suggesting that rewards and incentives may need to be structured distinctly than in Western and European cultures (Hofstede, 2001).

According to prior research on HRM, talent management, and motivation (Ambrose & Kulik, 1999; Mowday, Porter, & Steers, 1982; Steers, Mowday, & Shapiro, 2004), we investigate variables grounded in research that contribute to talent management and retention. The study involved designing a survey based on research on HRM practices
that would have practical relevance to Iranian employers so as to gain sponsorship with a random sample of their employees. Five talent management variables (intrinsic rewards, performance management, pride in the organization, manager support, and social responsibility) and three consequences (satisfaction with the organization, career success, and intention to leave) met these criteria.

Our theoretical perspective focuses on the role of intrinsic rewards in contributing to employee satisfaction with their organization, career success, and intention to leave (Mowday, Porter, & Steers, 1982; Steers, Mowday, & Shapiro, 2004). These intrinsic rewards with outcome relationships were expected to vary based on satisfaction of employee (Herzberg, 1966). The remaining four variables of interest were viewed as antecedents of intrinsic rewards (Mitchell, Holtom, Lee, Sablynski & Erez, 2001): PM practices (Macey & Schneider, 2008), pride in the organization (Branco & Rodrigues, 2006), manager support (Gomez & Rosen, 2001), and social responsibility (Bhattacharya, Sen, & Kerschun, 2008). A model of these relationships is shown in Fig. 1, placing intrinsic rewards in a central position.

Fig. 1. Proposed model of talent management in Iran

2. Talent management and intrinsic rewards

This model views critical aspects of retention – satisfaction with the organization, career success, and intention to leave – as being formed by employee perceptions about their organization (being socially responsible, worthy of pride, providing managerial support, and employing fair PM practices). A variable which has been generally neglected in discussions of retention in emerging markets is the intrinsic rewards associated with performing work (Bhatnagar, 2007). This is particularly relevant to those in professional and managerial positions. We address this by including a well-validated measure (Thomas, 2009; Thomas, Jansen, & Tymon, 1997; Thomas & Tymon, 1994).

It is difficult to find a clear definition of talent management. In the survey we’ve had while carrying out this research, we’ve come across a number of conflicting views and interpretations. Some see it as static, others as organic. Some see it as operational, others as strategic. Some see it as integral to the performance management system, while
others see it as distinctly separate. Some see it as applying to everyone, while others see it as segmenting. While the talent management process may differ between organizations, some common understanding of what we mean by talent management is necessary. Hence, we are defining talent management as “the additional management, processes and opportunities that are made available to people in the organization who are considered to be ‘talent’” (Blass, 2007). This does not mean that one should not be concerned with the more general processes, such as performance appraisal, that are available to everyone in the organization, but the talent management system is the ‘additional elements’ that are afforded to high potentials/high performers, or however else the organization chooses to define talent.

2.1. Social responsibility

Social responsibility is hypothesized to contribute to pride in the organization. Branco & Rodrigues (2006) argue that a proper socially responsible renown increases employees’ reliance, commitment, and loyalty, contributing to one’s pride in the organization. Being socially responsible can benefit in improving a company's capability to hire, retain and motivate their workforce. People like to be part of a socially responsible organization (Ockers and Plessis, 2012). Employers are increasingly seeking to use corporation’s social responsibility (CSR) which positively affects employee motivation (Collier & Esteban, 2007). Organizations do not achieve employees’ sense of a shared vision with the organization in the same manner that can be achieved through a comprehensive CSR approach. As Harrington suggests, there is something more than material benefits that motivates employees (Kim & Scullion, 2013). Sharing a similar view, several scholars (e.g., Zappala, 2004) argue that CSR can be one of the most useful tools to motive employees.

Tymon, Stumpf and Coth, (2010) reports that organizations such as the International Finance Corporation and Uniliver are attempting to differentiate themselves by stressing that they are an employer with a social mission. A CSR program can be an aid to recruitment and retention. Having a comprehensive policy can give an advantage in attracting a new potential employee. CSR can also help improve the perception of a company among its staff (Mehrdust, 2012). According to Bhattacharya, Sen, and Korschun (2008); there is growing evidence that a CSR activities comprise a legitimate, compelling and important way to attract and retain good employees. They note that their research adds evidence supporting the idea that employees identify with a company when they believe it is socially responsible. CSR contributes to an employee’s identification and pride in the company according to Bhattacharya, Sen, and Korschun (2008). CSR-induced identification creates results such as high levels of commitment, greater reliance, job satisfaction, feelings of well-being, and a sense of pride. They cite a survey showing that employee engagement in CSR led to pride in the organization, which was negatively associated with an intention to leave; (This finding consistent with the embeddedness construct developed by Mitchell et al. (2001) as a predictor of voluntary turnover).

Hypothesis 1: The greater the employee’s perceptions of the company as socially responsible, the greater the employee’s pride in the organization.
2.2. Intrinsic rewards

Deci (1975) note that intrinsic motivations are intangible rewards such as inspiration and job satisfaction that employees get from doing meaningful work. Intrinsic rewards involve a positive psychological state within individuals generally accompanied by feelings of passion, energy, and enthusiasm (Tymon Jr, Stumpf and Coth, 2010; Macey & Schneider, 2008). This is similar to conceptions of engagement as “positive affectivity”. In their review, Macey and Schneider (2008) note that the meaning of engagement tends to be ambiguous researchers. To provide specificity, engagement is conceptualized as a positive psychological state that can be experienced in the performance of one’s work (Macey & Schneider, 2008). The engaged employee is committed to the purposes that underlie his or her job and self-manages in pursuit of accomplishment. Research shows that today's work requires considerably more judgment than in the past, including solving problems and innovatively achieving organizational purposes (Thomas, 2009). Consistent with this, we view engagement as being manifest through an employee’s experience of intrinsic rewards. Intrinsic rewards are based on positively valued experiences that a person gets from doing meaningful work (Deci, 1975; Deci & Ryan, 1985; Thomas & Tymon, 1994). These feelings reinforce and energize employees’ efforts to make sense more positive feelings and experiences (Thomas, 2009). This conception is consistent with Bhatnagar’s observation that “It is hearts that are the essence of employee engagement” (2007, p. 646). Bhatnagar (2007, p. 657) specifically advocated better talent management and retention strategies to trigger an engaged workforce.

Research on intrinsic motivation supports four intrinsic rewards: experiencing work meaningfulness, choice, progress, and competence (Thomas, 2009; Thomas & Velthouse, 1990; Thomas & Tymon, 1994, 2009). When employees experience competence, meaningfulness, choice, and progress in their work, they report that work is intrinsically rewarding (Thomas, Jansen, & Tymon, 1994). A focus on intrinsic rewards highlights that work can be its own reward, contributing to growth and fulfillment. Thomas and Tymon (1994) note that these four components make up the set of intrinsic rewards that produce and sustain a sense of empowerment.

2.3. Developing intrinsic rewards

Contributing to the experience of intrinsic rewards is what Thomas and Tymon (1994) refer to as the building blocks of intrinsic motivation. We focused on three building blocks for the experience of intrinsic rewards by employees: pride in their organization (Katzenbach, 2003), manager support for them as knowledge workers (Gomez & Rosen, 2001), and their perceptions of the effectiveness of the PM practices of their firm (Ambrose & Kulik, 1999). These variables have been discussed in the literature as being important in the war for talent (Bryan, Joyce, & Weiss, 2006; Thomas, 2009), but a large empirical study in a developing country is lacking. Research in the United States has shown a relationship between (1) perceptions of manager support and (2) perceptions of PM practices with employee retention. To illustrate the importance of these employee beliefs for outcomes such as retention and productivity, Cascio (2008) cites a Gallup study (Micco, 1998) and a subsequent
comprehensive meta-analysis (Tymon Jr, Stumpf and Coth, 2010). In the Gallup study, among the most important belief statements for employee retention were “There is someone at work who encourages my development” (e.g., an indication of manager support) and “I know what is expected of me at work” (e.g., reflecting an organizational PM practice). We hypothesize that the experience of intrinsic rewards mediates the relationship of these two factors with satisfaction with the organization, career success, and intention to leave. Cascio (2008) showed the role of intrinsic rewards in producing proper employee outcomes. Research on retention note that three of the top five drivers of employee retention were feelings of fulfillment, the amount of joy at work (both intrinsic rewards), and opportunities for career development (an organizational PM). The other two were a sense of confidence about the future of their current employer and employment security (Wiley, 2005).

2.3.1. Pride in the organization

Pride is an incredibly powerful tool that allows leaders to tap into team members’ energy and intrinsic motivation and to harness that pride in the service of achieving top business results. Pride is closely related to loyalty (Heater, 1990). Loyalty is one of the potential positive feedbacks from CSR; most CSR practitioners acknowledge and expound upon the impact of CSR for developing loyalty (Kim & Scullion, 2013). The latest research demonstrates that superior leadership exercises an approach that supports a focus on pride and a perception of individual and team purpose (Ready & Conger, 2007). Research suggests that a good corporate reputation can increases current employees’ motivation, morale, and satisfaction (Branco & Rodrigues, 2006; Heater, 1990). Corporate reputation is a basic component of pride in the organization, as reflected in one item of our measure (e.g., I am proud of this organization’s reputation). When an employee is proud of their organization, the work they do will likely be a source of pride as well, contributing to their experience of meaningful work. Organizational pride at its simplest is having high esteem in a respectful manner for the organization. Fulfillment can provide a sense of progress and competence. Pride in the organization should contribute directly to the experience of intrinsic rewards in performing one’s work. We hypothesize that the pride employees feel in their organization will contribute directly to their experience of intrinsic rewards.

Hypothesis 2a: The greater the employee’s pride in the organization, the greater the employee’s experience of intrinsic rewards.

2.3.2. Manager support

Bhatnagar (2007) concluded that mentoring relationship between mentor and employee enhanced employee engagement. Consistent with this, research has demonstrated the importance of manager-employee relationships for the experience of intrinsic rewards (Gomez & Rosen, 2001), and in linking people to their job and organization (Mitchell et al., 2001). A meta-analysis of the mentoring literature found that mentoring relationships were associated with subjective consequence such as career satisfaction and expectations for advancement (Tymon Jr, Stumpf and Coth, 2010). We propose that manager–
employee relationships lead to positive outcomes by aiding to the experience of intrinsic rewards by employees. Managerial support might be especially important in Iran. Some scholars have argued that the Iranian work culture requires transformational and transactional leadership style (Iqbal, Inayat, Ijaz, Zahid, 2012). Macey and Schneider (2008) note that the presence of a transformational leader will directly affect state engagement. Sparrow and Budhwar (1997) argue that having interpersonal, social and spiritual orientations in motivational tools are very substantial. It is also significant to note that in Islamic culture of Iran these orientations are very popular. We hypothesize that the support managers provide their knowledge workers will contribute to the experience of intrinsic rewards.

Hypothesis 2b: The greater the manager support reported by the employee, the greater the employee’s experience of intrinsic rewards.

2.3.3. Performance management practices

Performance management (PM) systems are essential to motivate and challenge employees. According to Macey and Schneider (2008), emphasizing on justice, fairness and trust in PM lead to engage employees. PM systems at first inform and then guide employees so that they experience challenge and intrinsic rewards in performing their work. Bryan, Joyce, and Weiss (2006) note that few companies utilize talented people in an advantageous way by creating work experiences to develop their expertise. Many companies that understand the value of talented people put considerable time into recruitment, and then alienate their talent with their PM systems.

Bhatnagar (2007) concluded that employee attrition was linked to perceptions of poor PM systems. Specifically, Bhatnagar found that the major reasons for employee erosion were unsuccessful communication within an organization and dissatisfaction with the type of career path available to an employee (2007, p. 654). We hypothesize that employee perceptions of PM practices will contribute to the experience of intrinsic rewards.

Hypothesis 2c: The more positively an employee assesses PM practices (goal setting, standards, performance evaluation, feedback), the greater the employee’s experience of intrinsic rewards.

2.4. Advantages of intrinsic rewards

An organization needs to influence employees through performance management – the “measuring, monitoring and enhancing the performance of staff”– using a range of human resources management (HRM) tools such as: job descriptions, supervision, performance appraisals, continuous education, rewards and career development (Dieleman, et al., 2006). Our conceptualization of intrinsic rewards is equivalent, to others’ conceptions of employee engagement as involving a positive psychological experience. In their comprehensive review, Macey and Schneider (2008) reveal that engagement can be viewed as a causal antecedent of a number of organizationally relevant out-comes. Research has shown intrinsic rewards to be associated with a number of desirable work out-comes. These include work satisfaction (Liden, Wayne, &
Sparrowe, 2000; Spreitzer, Kizilos, & Nason, 1997; Thomas & Tymon, 1994), commitment to the organization (Liden, Wayne, & Sparrowe, 2000) and enhancing performance (Liden, Wayne, & Sparrowe, 2000; Spreitzer, Kizilos, & Nason, 1997; Thomas & Tymon, 1994). The results of other studies also showed the importance of adapting or improving upon performance management strategies to influence staff motivation.

Our focus in this research is on the outcomes of employee satisfaction with their organization, perceptions of career success and reduced intentions to leave. The three outcomes we have chosen are important to organizations (Beehr, Glazer, Fischer, Linton, & Hansen, 2009), particularly in light of the retention challenges. Previous research suggests that the employee satisfaction with the organization and perceptions of career success relate negatively with intention to leave (Hom & Kinicki, 2001; Taylor, Audia, & Gupta, 1996).

We hypothesize that intrinsic rewards will have a direct affect on the outcomes of satisfaction with the organization, career success, and intention to leave. Previous research provided evidence for the relationship between our measures of intrinsic rewards and job satisfaction (Thomas & Tymon, 1994). Further research support for this relationship was found by Spreitzer, Kizilos, and Nason (1997) and Liden, Wayne, and Sparrowe (2000). Here we hypothesize a relationship to satisfaction with the organization which is particularly relevant to retention. We also hypothesize that intrinsic rewards will be associated with perceptions of career success—which we conceptualize as an employee’s subjective judgments about their career attainments (Griffeth, Hom, and Gaertner, 2000). Intrinsic rewards involve employees experiencing their work as meaningful, and as they feel they are making progress in performing meaningful tasks (another element of intrinsic rewards), they will see themselves as successful in their careers (Hall & Chandler, 2005).

The last outcome we consider is intention to leave. Research by Hom and Kinicki (2001) is one of the few studies that investigate explicitly relationship between intrinsic rewards and turnover intention. They found satisfaction with intrinsic rewards predicted the tendency to stay with and to leave an organization. Consistent with this finding, we hypothesize that intrinsic rewards will be associated with reduced intention to leave. In their meta-analysis of the turnover literature, Griffeth, Hom, and Gaertner (2000) report that intention to leave is one of the best predictor of turnover. In summary:

Hypotheses 3a–3c: The greater the intrinsic rewards reported by the employee, the greater the employee’s satisfaction with the organization, career success, and reduced intentions to leave.

3. Data, methods, and results

3.1. Sample and survey administration

This research is a survey study of Iranian employee working in the government research institutes. Fifteen government institutes that operating in humanities were selected by researchers. Data were collected from employees and their institutes.
A stratified random sample of employees was identified then invited them to participate in survey. Individuals were assured that participation was voluntary and of the confidentiality of responses. A completed survey was obtained from 378 individuals out of the 456 randomly identified (83% response rate). Twelve institutes had response rates above 75%; only 3 were below 50% (lowest was 30%). Analyses were conducted to explore for possible response biases, check on the reliability and validity of the data, and to examine the topics on which the survey is based. Through interaction effects coding within multiple regression analysis, it was possible to assess which institutes had a response bias based on performance ratings provided separately by the employer (Cohen & Cohen, 1983). No response bias associated with performance ratings was observed for the 15 institutes that provided performance assessment data. There was no significant difference in performance ratings for respondents versus non-respondents to the survey.

3.2. Employee sample characteristics
The employee sample had the following demographic characteristics: (1) 28% were female; (2) 67% were between 26 and 50 years old; (3) 4% had been with the organization for less than 6 months, 3% for 7–18 months, 18% for 19–35 months, 32% for 3–5 years, and 43% for more than 5 years; (4) for their highest educational attainment, 24% had doctorates, 62% had master’s degrees, and 14% had university degrees; (5) in terms of position responsibilities, 7% were in administrative positions, 38% in professional/individual contributor positions, 28% were supervisors/team leaders, and 26% were managers; and (6) 33% had no direct reports, 53% supervised 1–4 others, 14% supervised 5–9 others.
Four of the demographic factors that may affect the relationships hypothesized (gender, length of service, education level, responsibility level) were controlled for in our regression analyses.

3.3. Measures
In addition to the demographic questions, the workplace survey included 24 intrinsic rewards items (4 constructs: progress, competence, meaningfulness, choice), 15 employee attitude items (5 constructs: manager support, satisfaction with the organization, social responsibility, pride in the organization, and intention to leave), 4 career success items, and 13 HR practice items (3 constructs: performance management, professional development, and normalization of ratings). A confirmatory factor analysis was run on the intrinsic reward, employee attitude, and career success items—providing support for the continued use of these items and scales with Iranian employees. All survey items were standard items used in previous research. The intrinsic reward items were developed by Thomas and Tymon (2009), and have proven to be reliable and valid measures (Thomas, 2009; Thomas, Jansen, & Tymon, 1994). In deciding upon item construction and inclusion in the survey, particular attention was paid to item wording so as to insure interpretation was as intended in the Iranian context. The items within each of three survey areas were analyzed using principle components factor analysis with Varimax rotation (intrinsic rewards, employee factors, and employer factors). Items were retained in their ‘expected’ factor based on the simplicity and
magnitude of the factor loadings. In no instance did a retained item load highly on two or more constructs. The variables and Cronbach Alpha estimates of internal consistency are noted in Table 1. Career success used a 3-points scale (1: not satisfied, 2: satisfied, and 3: very satisfied). All other items (socially responsible employer, manager support, pride in the organization, performance management practices, intrinsic rewards, satisfaction with the organization, intention to leave) used a 5-point Likert-scale from 1: strongly disagree to 5: strongly agree.

3.4. Descriptive analyses and research model
Table 1 provides descriptive statistics, correlations, and coefficient Alphas for all study variables. Given the large sample size, and the existence of some common method variance, all relationships reported are significant.

Table 1
Means, standard deviations, cronbach alphas, and correlations among study variables.

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<tbody>
<tr>
<td>Intention to Leave</td>
<td>0.83 [3]</td>
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<tr>
<td>Career Success</td>
<td>-0.44</td>
<td>0.76 [4]</td>
<td></td>
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<tr>
<td>Satisfaction with the Organization</td>
<td>-0.62</td>
<td>0.53</td>
<td>0.83 [4]</td>
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<tr>
<td>Intrinsic Rewards</td>
<td>-0.26</td>
<td>0.36</td>
<td>0.63</td>
<td>0.82 [24]</td>
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<td>Performance Management Practices</td>
<td>-0.28</td>
<td>0.43</td>
<td>0.44</td>
<td>0.44</td>
<td>0.78 [4]</td>
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<tr>
<td>Pride in the Organization</td>
<td>-0.33</td>
<td>0.42</td>
<td>0.73</td>
<td>0.48</td>
<td>0.54</td>
<td>0.86 [4]</td>
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<td>Manager Support</td>
<td>-0.31</td>
<td>0.56</td>
<td>0.66</td>
<td>0.53</td>
<td>0.61</td>
<td>0.42</td>
<td>0.75 [4]</td>
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<tr>
<td>Socially Responsible Employer</td>
<td>-0.26</td>
<td>0.32</td>
<td>0.52</td>
<td>0.45</td>
<td>0.53</td>
<td>0.68</td>
<td>0.48</td>
<td>0.84 [4]</td>
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<tr>
<td>Mean</td>
<td>2.72</td>
<td>1.84</td>
<td>3.65</td>
<td>4.02</td>
<td>3.78</td>
<td>3.62</td>
<td>4.25</td>
<td>3.81</td>
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<tr>
<td>Standard Deviation</td>
<td>1.43</td>
<td>0.82</td>
<td>0.66</td>
<td>0.61</td>
<td>0.72</td>
<td>0.83</td>
<td>1.06</td>
<td>0.72</td>
</tr>
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</table>

Note: Cronbach Alpha estimates of reliability are noted along the main diagonal; The number of items in each scale is noted in [brackets]; N= 378; Correlations .05 and above (or -0.05 and below) are significant at p ≤ 0.001 level.

The model shown in Fig. 1 indicates paths by which certain antecedent variables (i.e., employee perceptions of how socially responsible their employer is, their pride in their organization, the manager support provided, and the PM practices in use) effect perceptions of intrinsic rewards, and then how these perceptions affect key outcomes. To address the hypothesized relationships within the context of Fig. 1, stepwise multiple regression analyses were conducted by regressing the study variables, on the three outcome variables.

4. Results
Fig. 2 presents the path analytic results of the regression analyses related to all hypotheses. The path coefficients (partial Betas) are noted for all paths of +/− 0.10 or greater – including several paths not hypothesized. Because of the significant correlations among the three outcome variables as well as observing significant and meaningful non-hypothesized paths, we revised the model to that now shown in Fig. 2.
The data in Fig. 2 positions satisfaction with the organization as a contributor to employee career success and reduced intention to leave, and to include other significant path coefficients.

(Note: only path coefficient of +/ - 0.10 or above are included; numbers in brackets reflect the order of entry into path equations; all coefficients have the demographic variables controls)

Fig. 2. Observed path model of talent management in Iran

Table 2 presents the regression results for career success and intention to leave. The relative contribution of each study variable to the prediction of each outcome is carried in the size of the Beta’s reported. Most study variables make meaningful contributions to the prediction of career success, and to a lesser degree intention to leave. Responsibility level didn’t predict career success but predicted intent to leave. Those with a great length of service reported a lower level of career success. The path results reported in Fig. 2 and regression results in Table 2 provide support for all but one of our hypotheses. Hypothesis 1 was strongly supported: socially responsible employer perceptions predict pride in the organization (path coefficient .73). Hypotheses 2a–2c were also supported: perceptions of pride in the organization, manager support, and PM practices contributed to employee intrinsic rewards (path coefficients of .27, .38, and .26 respectively). Hypotheses 3a and 3b were supported: intrinsic rewards related positively to satisfaction with the organization and career success (path coefficients of .24 and .18). The hypothesized relationship (Hypothesis 3c) of intrinsic rewards to intention to leave was not supported as a direct effect in the path model; however, there is an indirect effect via other variables (noted in Table 3).

Table 2
Multiple regression analysis predicting career success and intention to leave
Table 3 summarizes the cumulative effects implied by the path model as shown in Fig. 2. Once all the co-variation among variables is considered in a path analytic framework, and controlling for several demographic factors, the prime predictors of intention to leave are satisfaction with the organization, pride in the organization, and perceptions of the employer as being socially responsible. While intrinsic rewards and career success do make meaningful indirect contributions to reducing intention to leave, they are also likely to be their own ‘rewards’.

Table 3
Path analytic direct and indirect effects.
### Table 1: Indirect and Total Effects on Intention to Leave

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<tr>
<th>Component</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
</tr>
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<tr>
<td><strong>Career Success [7]</strong></td>
<td>-0.27</td>
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<tr>
<td><strong>Satisfaction with Organization [6]</strong></td>
<td>-0.82</td>
<td>P67 -0.13</td>
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</tr>
<tr>
<td><strong>Intrinsic Rewards [5]</strong></td>
<td>None</td>
<td>P56 -0.20</td>
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<tr>
<td></td>
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<td>P57 -0.05</td>
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<td>P567 -0.03</td>
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<td><strong>Performance Management Practices [4]</strong></td>
<td>None</td>
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<td>P46 -0.52</td>
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<td><strong>Pride in Organization [3]</strong></td>
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<td><strong>Socially Responsible Employer [1]</strong></td>
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<td>P1256 -0.04</td>
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Note: P(xy) show the relationship that was analyzed [e.g. P67 indicate path between (satisfaction with organization) and (career success) and finally (intention to leave)].

### 5. Discussion, managerial relevance and conclusion

A model of talent management in Iran was shaped by both a literature review of current findings in academic research and professionals who work in Iran. The usefulness of this approach – including variables from the CSR, HR, and organizational psychology domains of the organizational sciences – was supported in a large scale, multi-organization study of employees in Iran. Intrinsic rewards are an important mediating factor in the relationships of employee perceptions of their organization and its practices and three outcomes: satisfaction with the organization, career success, and intention to leave. We were able to propose a comprehensive model including elements from several disciplines (the CSR and HR literature, and the research on engagement).

Our prediction that employee perceptions of their company as being socially responsible would be related to their pride in the organization was strongly supported. This finding is consistent with the recent research of Bhattacharya, Sen, and Korschun (2008) and Tymon Jr, Stumpf and Coth (2010). The increased attention to social responsibility around the world appears to be reflected in the attitudes and behaviors of Iranian employees, with the social responsibility of an employer being an important source of
pride to its employees. Moreover, an outcome which was not hypothesized was the direct affect pride in the organization had on satisfaction with the organization, and through satisfaction, a reduced intention to leave and enhanced perceptions of career success. The findings suggest that cultivating renown as a socially responsible company can be an important factor in talent management and retention. A reputation as a socially responsible organization could be a source of competitive advantage in the war for talent in Iran. The finding of a direct affect of pride in the organization on satisfaction with the organization lends empirical support to the theory exposition of Branco and Rodrigues (2006). As predicted, pride in the organization, support provided by one’s manager and positive perceptions of an organization’s PM practices all related to employees experiencing intrinsic rewards in performing their jobs. This lends further empirical support to other recent research consistent with this finding (Bhatnagar, 2007; Branco & Rodrigues, 2006; Gomez & Rosen, 2001; Macey & Schneider, 2008). Pride in the organization can enhance feelings of making progress in achieving meaningful goals, with both a sense of progress and meaningfulness being essential to the experience of intrinsic rewards. The belief that one has a supportive manager can enhance an employee’s sense of competence, allow the employees to feel they are free to make choices in performing their job, provide the encouragement important for experiencing a sense of progress, and reinforce the meaningfulness of an employee’s tasks. These are essential components of intrinsic rewards. Similarly, positive PM practices may enhance a sense of meaningfulness through goal setting. Goal setting may then contribute to a sense of choice in performing one’s work. The use of standards, justice procedures, fair evaluations, and positive feedback may all contribute to a sense of progress and competence. The experience of intrinsic rewards may be a “reward” in itself, as our findings suggest intrinsic rewards may contribute to both the quality of an employee’s work life as well as organizational effectiveness. Intrinsic rewards are also related to satisfaction with the organization and the perception of career success. This is consistent with earlier research (Hall & Chandler, 2005; Liden, Wayne, & Sparrowe, 2000; Spreitzer, Kizilos, & Nason, 1997; Thomas & Tymon, 1994). Through its impact on satisfaction with the organization, intrinsic rewards may promote retention. This demonstrates the importance of the qualitative dimensions of talent management. Experiencing intrinsic rewards is important to how satisfied employees are with their organizations, and are an important aspect of one’s satisfaction with their career success. In addition to its positive influence on the experience of intrinsic rewards, positively evaluated PM practices were found to have a direct relationship with satisfaction with the organization and career success, findings which we did not hypothesize. While not ruling out an indirect affect, other research does suggest the likelihood of a direct affect of positively perceived PM practices on employee attitudes (Nishii, Lepak, & Schneider, 2008). Goal setting, the perception of fair standards, transparent, objective evaluation, and positive feedback seem to be critical mechanisms through which employees judge their career success. Additional research in developing countries is needed to expand our understanding the effects of PM systems, extrinsic rewards (compensation, raises,
bonuses, etc.), promotions, and work assignments on perceptions of career success and retention.

The model examined indicates that the paths through which the study variables influenced intention to leave are primarily through satisfaction with the organization, and to a lesser extent, career success. The greater the satisfaction with the organization, the less employees intend to leave. This finding is consistent with previous satisfaction-turnover research (e.g., Hom & Kinicki, 2001). Perceptions of career success also related negatively with intention to leave, consistent with prior research (e.g., Taylor, Audia, & Gupta, 1996). The impact of career success is significant, but not as great as satisfaction with the organization in reducing the intention to leave. This suggests that when Iranian employees are satisfied with their organization and intend to remain in it, their satisfaction with their career success is not a key decision variable. Iranian employees may not blame the organization if their career success is less than outstanding. This finding is consistent with broader characterizations of the Iranian cultural and work environment (e.g., Hofstede, 2001) in which employees are more likely to value their overall situation within an organization as opposed to stressing only their career success. There are two important implications of this finding. First, if the organization cannot provide the level of benefits or compensation desired and/or cannot change its work locations, various organizational and managerial actions (e.g., being socially responsible, having supportive managers, using positive PM practices) can make a difference in employee satisfaction with the organization, and through satisfaction, affect intentions to leave. This finding sheds important light on the battle field in the war for talent. The literature, both academic (e.g., Bloom & Milkovich, 1996; Tymon Jr, Stumpf and Coth, 2010) and practitioner (e.g., Massaro, 2003), tends to focus on hygiene factors to win the war for talent, especially with respect to the talent deficit in Iran. Secondly, this finding shows the benefit of both having a desirable level of hygiene factors and promoting conditions that allow employees to experience high levels of intrinsic rewards. Contrary to the argument by some that extrinsic rewards reduce the experience of intrinsic rewards (Deci & Ryan, 1985), this study supports the proposition that extrinsic and intrinsic rewards are additive in the work setting (Tymon Jr, Stumpf and Coth, 2010) as they relate to satisfaction with the organization. Without the experience of a high level of intrinsic rewards in performing one’s work, a person will view their career success as ‘moderate’. This finding reinforces the importance of facilitating conditions for the experience of intrinsic rewards in the talent management process.

Our findings demonstrate the complex and multi-faceted relationships among organizational factors, intrinsic rewards and employee satisfaction, career success, and intention to leave. Future research could focus more specifically on a subset of these relationships and focus on the particular levers associated with them. Case studies of organizations that have successfully implemented some of these practices would also add a rich qualitative narrative to our quantitative analysis.

We believe the findings that emanated from our study have important implications for practice. Our model captures important avenues for attracting, retaining, and supporting employees in dynamic and fast changing environments. Managers and HR professionals
have powerful levers that they can use to enhance employees’ sense of intrinsic rewards—levers not dependent on increasing compensation or benefits. Focusing on corporate (e.g., being socially responsible, creating a sense of pride in the company), human resource (e.g., PM), and managerial practices to affect employees sense of intrinsic rewards and satisfaction with the organization can be done via traditional communication and professional development methods without significant incremental costs. By increasing intrinsic rewards, the need to offer higher compensation and benefits so as to enhance employee satisfaction with the organization diminishes. Creating an environment that fosters a sense of pride in the organization and intrinsic rewards is germane for organizations seeking to create an employee value proposition that cannot be as easily copied by competitors as offering higher starting salaries or higher annual salary increases.

References


