

IMPACT OF HRM PRACTICES ON INNOVATIVE BEHAVIOUR: MEDIATING ROLE OF TALENT DEVELOPMENT CLIMATE IN INDIAN FIRMS

ABSTRACT

The impact of human resource management (HRM) practices on talent development and innovative work behaviour (IWB) has attracted considerable research attention in recent times, with the advent of knowledge economies. Drawing from the resource-based view of the firm, the aim of this research is to explore themes associated with talent development climate (TDC) and to test its role in promoting innovative work behaviour amongst managerial employees. The results of this research are based on three studies. Study 1 was qualitative that used an inductive approach, to explore the dimensions of TDC. Based on the themes that emerged from the qualitative study, we conducted studies 2 and 3 using quantitative methods on managers (N=307 in first phase and N=403 in second phase), drawn from 11 large global and Indian MNCs operating in India. The findings indicate two dimensions of TDC and highlight the mediating role of TDC in the relationship between HRM practices and IWB. The study contributes to the growing field of talent management with evidence from an emerging market economy - India. It provides a compelling argument for extending the scope of HRM practices and supervisory support in creating a talent development climate to achieve greater success in fostering innovation in organizations.

Key Words: Talent Development Climate, Human Resource Practices, Innovative Work Behaviour, India.

Introduction

The past few decades have seen many new phenomena like globalization, digitization and technological disruptions that have placed heavy demands on a firm's ability to innovate for gaining competitive advantage (Filatotchev, Aguilera & Wright, 2020; Park, Bae & Hong, 2019; Gonzalez-Masip, Martin-de Castro & Hernandez, 2019). Identifying, developing and retaining talent in the present era has thus become a critical priority for organizations to stay relevant (Collings & Isichei, 2018; Glaister, Karacay, Demirbag & Tatoglu, 2018; Latukha,

2018) and as a result there has been a considerable increase in focus on talent management in the academic literature (Collings, Scullion & Vaiman, 2015; Gallardo-Gallardo, Nijs, Dries & Gallo, 2015; McDonnell, Collings, Mellahi & Schuler, 2017). The phenomenon of talent management, however, still remains a key area of interest for practitioners with many struggling to deliver on the talent agenda in their own firms (Charan, Barton & Carey, 2018; PWC, 2019). The concerns related to talent management (TM) remain quite universal but are reportedly more severe in emerging market economies (Budhwar, Varma and Kumar, 2019; Glaister et al., 2018) where talent shortages highlight a pressing need for organisations to explore novel approaches to develop talent. Due to globalization, the managerial careers in emerging economies are evolving fast thereby creating a need to develop international management capabilities (Meyer & Xin, 2018). India, a developing country with a population of more than 1.3 billion people and average age of 29 years has emerged as one of the fastest growing economies in the world (Budhwar, et al., 2019; Nayak, Bhatnagar & Budhwar, 2018). With a large number of MNCs entering the Indian market and many Indian companies investing in businesses globally, the “war for talent” has intensified significantly, leading to a critical problem of motivation, development and retention of talent in India. It is not surprising therefore, that there has been an increasing demand for framing talent management in newer and particularistic ways that balance different perspectives and cultures (Collings, Scullion, & Vaiman, 2011; Cooke, Saini & Wang, 2014; Orlando, Tortora, Riso, Di Gregorio & Del Giudice, 2021; Thunnissen, Boselieb & Fruytier, 2013).

Following an inclusive approach, we describe ‘talent’ as people possessing high level specialised competencies besides general skills (Gallardo-Gallardo et al., 2015; Latukha, 2018) and the ability to apply them to address problems critical for sustained organisational outcomes (Drucker, 1998). With unprecedented growth of knowledge-based economies, talent inevitably

constitutes the core of intellectual capital that permits a firm to identify and acquire further knowledge, bring it into the firms boundaries, and combine it with existing knowledge to result in innovation (Aribi, & Dupouët, 2015; Cohen & Levinthal, 1990; Del Giudice, Carayannis, Palacios-Marqués, Soto-Acosta, & Meissner, 2018; Whelan, Collings & Donnellan, 2010).

As per this view, TM is akin to a differentiated HR architecture that offers a way of configuring human capital to respond creatively to the volatile, unprecedented changes of the competitive and technological environment, critical for organizational performance (Collings, Mellahi & Cascio, 2019). Consistent with the resource-based view of the firm (RBV), organisations seek to maximise their performance by developing valuable, rare, inimitable, and non-substitutable internal resources (Barney & Wright, 1998). Such superior organizational performance is made possible through continuous innovation produced by employees, leveraging appropriate talent strategies and supportive HRM practices (Seeck & Diehl, 2017; Singh, Del Giudice, Chierici & Graziano, 2020). Recent studies on innovation confirm that a company's innovation capabilities are strongly interrelated with HR practices for attracting and retaining talent (Meissner & Shmatko, 2017, 2018; Del Giudice et al., 2018). It has also been observed that, it's far more problematic to motivate people to perform outstandingly than just attracting talent to companies for innovation (Mura, Lettieri, Radaelli & Spiller, 2013). This is especially true where the main aim of the HR practices is to develop and motivate employees and leadership to demonstrate work behaviors for firms' sustained competitive advantage (Singh et al., 2020). Firms do need diverse competences in light of the increasingly external nature of innovation (Del Giudice & Della Peruta, 2013; Del Giudice et al., 2017) and studies have highlighted the need for managerial focus on the role of learning and continuous innovation in organizations (Sharma, Ng, Dharmawirya & Lee, 2008).

It may be surmised that the relationship between employee experience of HRM practices and their performance outcomes purportedly operate through a range of motivation-related variables (Glaister et al., 2018). These variables include the creation of a suitable climate (Heffernan, Harney, Cafferkey, & Dundon, 2016; Lepak, Liao, Chung & Harden, 2006; Lin, Sanders, Sun, Shipton, & Mooi, 2016) which plays a key role in facilitating intellectual capital for performance and development of such talent (Datta & Bhargava, 2012; Mariano & Walter, 2015; Zhong, Wayne & Liden, 2016). Literature is however not explicit on what exactly constitutes a talent development climate at a micro level. Knowledge management (KM) scholars have exhorted the need to integrate TM with KM such that it can provide a context for key knowledge workers to produce new knowledge (Whelan & Carcary, 2011). Additionally, there is a reported scarcity of empirical evidence about the linkages between HRM practices, a talent development climate (TDC), and employee outcomes (Glaister et al., 2018), like innovative work behaviour (Del Giudice et al., 2017). Regular calls for further research suggest that it is vital to study this phenomenon in emerging economy contexts because of the increased relevance of managing talent in the backdrop of rapidly increasing consumer markets, industrial capacity, and earning potential (Cooke et al., 2014; Horwitz & Budhwar, 2016; Pereira, Fontinha, Budhwar & Arora, 2018).

Considering the above presented developments, this research has two aims. First, to explore the elements of a talent development climate in Indian multi-nationals and large multi-national companies (MNCs) operating in India. Second, to examine the linkages between employee perceived HRM practices, talent development climate and innovative work behaviour (IWB).

By addressing these aims, the paper contributes in several ways. First, it empirically establishes the elements that constitute a TDC at the micro level of firms, as perceived by employees.

Second, it throws light upon the role of TDC in the linkage between perceived HRM practices and a critical employee outcome, i.e., IWB. Third, it identifies the talent development practices that impact IWB in an emerging market context - India. Finally, this paper adds to the emerging empirical research in the field of talent management by leveraging a qualitative and quantitative study of managerial employees in a non-western context. The study has been organized to systematically (a) delineate the emergence of TDC through a theoretical overview of HRM, TM and IWB literature, (b) explore the elements of a TDC, (c) examine the effect of perceived HRM practices on TDC and (d) explore TDC as a mediating factor between perceived HRM practices and IWB. The final sections on discussion of the findings and implications build upon insights that emerged through an integrated exploration of HRM, TDC and IWB.

THEORETICAL FRAMEWORK AND HYPOTHESES

Managing talent in the changing workplace context of India

India is a vastly heterogeneous, multi-cultural society marked by diversity in ethnicity, religion, language, and social status (Budhwar et al., 2019). With GDP growth at an average 7 percent during the last 15 years, India is one of the fastest growing economy with relatively high growth in exports and Foreign Direct Investment (FDI).

Despite its emergence as an important global player, there is, in general, a dearth of empirical studies that focus on understanding of the TM practices in Indian context (Cooke et al., 2014). The combination of historical factors including the caste system, British occupation, cultural values, and government regulations has limited the degree of formalization of HR practices in India. Indeed, this varies across sectors and firms based on the variable of ownership. The global and Indian MNC employers often rely on external labour markets, as opposed to internal development for talent, with high levels of talent poaching amongst firms and firms not being

incentivised to invest in talent management (Zheng et al., 2007). International HRM literature has time and again highlighted the need to understand how multinational enterprises manage their geographically dispersed workforce in order to leverage talent for both local and global competitive advantage (Budhwar, Schuler & Sparrow, 2009).

With growing business investments from the West, combined with India's rapid economic growth (Budhwar et al., 2019) and an average young population, it is of critical importance that we examine how TM practices play out in developing talent pipelines in an emerging market economy like India (Cooke et al., 2014).

HRM practices, talent development climate and Innovative Work Behaviour

Innovation, technological advancements, inorganic growth, globalization, simultaneous expansion and downsizing are just a few of the trends that have made talent a top priority for organizations (Collings & Isichei, 2018). With a shift towards a knowledge-based economy and globalization, attraction, development and retention of managerial talent has become critical for the long-term growth of organizations (Meyer & Xin, 2018) which require flexible and resilient HRM practices (Malik, Pereira & Budhwar, 2021). Firms need for innovation-related competences predominantly due to economic pressures lead to management's higher expectations for innovation, thus making it important to reconsider how innovation and HRM practices are organized internally (Del Giudice et al., 2018; Caputo, Garcia-Perez & Giacosa, 2019). Individual human beings are the ultimate creators and bearers of knowledge (Otra, 2005), serving as desirable talent for the organization. Accordingly, efforts have to be taken so as to increase their capability as organisational knowledge enhancers that can lead to superior organizational performance. Extensive literature from the field of knowledge management and intellectual capital has exhorted the importance of the human dimension in facilitating

knowledge dynamic processes for innovation (Mariano & Walter, 2015; Papa et al., 2018; Singh et al., 2020). The issue of managing talent is thus of interest to a wide range of stakeholders beyond HRM scholars and practitioners (Glaister et al., 2018).

A commonly used definition of TM is ‘..activities and processes that involve the systematic identification of key positions that differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents, and to ensure their continued commitment to the organization’ (Collings & Mellahi, 2009, p. 304) . An analysis of literature revealed that TM has been applied using varying perspectives such as strategic HRM (Lewis & Heckman, 2006), succession planning (Collings & Mellahi, 2009), top-grading of performers (Michaels et al., 2001), as a decision science (Boudreau & Ramstead, 2005), or as a talent-on-demand framework (Cappelli, 2008).

A significant body of research on TM has drawn its theoretical underpinnings from the resource-based view (RBV) of the firm (Collings et al., 2019; Gallardo-Gallardo et al., 2015) that emphasizes on the link between strategy and the internal resources of the firm to generate competitive advantage (Wright, Gardner, Moynihan & Allen, 2005). Talent can ostensibly be managed by aligning a differentiated HRM architecture such as selective hiring, performance management, training and development, succession planning, reward management et al. with the business strategy (Collings & Mellahi, 2009; Huselid, Beatty & Becker, 2005). Such bundles of HR practices often called high-performance work practices (HPWPs) do not work in isolation but are part of a synergistic system aggregating internally while responding to the external environment (Gkorezis, Georgiou & Theodorou, 2018; Pereira et al., 2018).

Extant literature suggests that intended, implemented, and perceived HRM practices differ substantially, producing varied outcomes in managing talent (Lewis & Heckman, 2006); however few studies have studied HRM practices from the employee perspective (Zhong, et al., 2016; Li et al., 2018). Drawing from the extensive research on employee development it can be argued that organizations create a climate that encourages and supports employees to acquire knowledge, behaviors and skills from a variety of sources (Aryee, Lo & Kang, 1999). Climate, as proposed by Schneider (1990) denotes shared perceptions by employees about the practices, processes and behaviours that get supported in a work setting and is determined by criterion of interest. Thus, we hypothesize that:

Hypothesis 1: Perceived HRM practices will have direct and positive effect on a talent development climate.

It is evident that in a rapidly changing business environment, continuous innovation which involves intentional introduction and application of new ideas, processes, products, or procedures (Liu, Gong, Zhou & Huang, 2017) is critically important in helping firms discover new market opportunities and stay relevant (Oltra, 2005). Yet, continuous innovation is challenging, because knowledge creation though arising out of the aggregate of human resources, cannot be clearly explained by its constituents (Li, Wang, Jaarsveld, Lee & Ma, 2018; Shih & Chiang, 2005). Despite this, there has not been much interest in the intra-organizational aspects of open innovation (Papa, Dezi, Gregori, Mueller & Miglietta, 2018). Multiple studies have indicated a positive relationship between HRM practices and innovation outcomes (Liu et al., 2017). It can be argued from a behavioural perspective that HRM affects organizational outcomes of innovation by influencing and aligning employee behaviours in a

particular way (Seeck & Diehl, 2017). Innovative work behaviour (IWB) in the workplace involves championing, creating and adapting useful ideas and applying them (Kanter, 1988), with the intention of benefiting the unit, organization or society adopting the ideas (Jansson, 2000). It's been also widely established that managers and knowledge workers are responsible for innovations such as new products and services (Liu et al. 2017). Consequently, there is a growing interest among researchers to investigate the cognitive and motivational factors that drive IWBs (Seeck & Diehl, 2017) amongst managers. Based on such developments, we hypothesize that:

Hypothesis 2 – Perceived HRM practices will have positive effect on innovative work behaviour.

Consistent with the RBV perspective, it is widely accepted that leveraging talent plays an important role in determining organizational outcomes (Collings et al., 2019). With rapid growth in knowledge economy, human resources are being recognized as the 'crown jewel' of knowledge-producing innovative entities, and organizations that leverage such talent develop a competitive advantage (Kor & Leblebici, 2012). Therefore, talent development is an objective in the interest of all the stakeholders of the organization (Lewis & Heckman, 2006).

There is increasing evidence with respect to the relevance of the prevailing organizational context in connection with the HRM phenomenon (Cooke, 2018). Human resource development literature suggests that there is an impact of suitable organizational climate in fostering developmental activities (Tracey & Tews, 2005). While all people related general practices are treated as part of HR climate, talent development practices are meant to act as

strategic facilitators of competitive advantage by developing the talent residing within the organization (Conger & Fulmer, 2003). To create a TDC, the organization culture has to be truly ‘talent-centric,’ so that people know they are critical to the company’s success (Ready, Hill & Conger, 2008). Considering this, *TDC refers to all those practices, strategic contents and services applied by the organization for facilitating and developing talent.*

It has been well established in literature that receiving support from the organization also causes some obligation on the employee towards their organization. To make cognitive and emotional investments persistently, individuals must perceive significance and pride in what they are doing, and regard the extra effort worthwhile (Agarwal, Datta, Blake-Beard & Bhargava, 2012). Hence, the extent to which an organization is perceived to emphasize talent development will be positively related to employee attitudes for engaging in pro-social behaviours like innovative work behaviour. We thus hypothesize that:

Hypothesis 3: Talent development climate will be positively associated with innovative work behaviour.

Mediating role of talent development climate

It is evident that for resources to have any performance advantage, they need to be nurtured and managed for creating value. In other words, organisations need to develop dynamic capabilities that incrementally change the resource base and promote development and growth (Helfat et al., 2009). Talent development is one such capability through which firms develop their skills, and competencies (Linden & Teece, 2014). HRM practices, when applied to the whole workforce actually provide a stable foundation on which to create a TDC (Glaister et al., 2018) which in turn ostensibly leads to employee outcome of IWB. Climate perceptions signify the

individual interpretation of the situational context in which they are embedded and provide a basis for their attitudes and behaviour. When employees perceive the climate to be supportive of talent development, they respond by actively engaging in behaviours that improve their specialized knowledge and skills. In line with prior interactionist work in the area of creativity and innovation (Shalley, Zhou, & Oldham, 2004) and technical updating (Kozlowski & Farr, 1988), a supportive climate perception is influenced by situational factors (e.g., HRM practices) and will play a pivotal role between such factor and the responses on outcomes. Researchers have further noted that HRM practices must be experienced and interpreted subjectively by individuals to elicit their affective, cognitive, and behavioural responses (Li et al., 2018). Thus, we hypothesize that,

Hypothesis 4 – The relationship between perceived HRM practices and innovative work behaviour will be mediated by talent development climate so that HRM practices will be indirectly linked with innovative work behaviour.

Figure 1 presents our hypothesised model.

Insert Figure 1 here

METHOD

Talent Development Climate: scale development

Initially, the study adopted an inductive approach to explore the measures of TDC. Data for the study were collected in two parts - qualitative and quantitative, from knowledge workers who have access to resources and are accountable for contributing to organizational innovation (Meyer et al. 2018).

Qualitative study

61 unstructured interviews were conducted across five different organizations representing various business functions, and management levels (Hinkin, 1998). The interviews were conducted with the consent of the management, in the office premises of the respondents and their duration varied from 40 to 90 minutes. A sample of the questions asked is - ‘what are the parameters or factors in your organization which have contributed to developing your talent? Additionally, in order to explore talent development practices, written descriptions of 99 engineers working in a leading IT company in India were evaluated. A sample of the questions asked were – “How do you think your organization utilizes and nurtures your talent? What more can it do to help you maximize your potential?”

Data collected from both sources were then content analysed. Using an iterative process of discussion based on key words amongst a panel of three PhD students, a professor and three practitioners, we scrutinized each and every characteristic and helped in eliminating repetition and ambiguity. Thereafter, the panel further proceeded to do a first order clustering of these contents. After two iterations of subjective evaluation and sorting, the panel finalized 25 characteristics and grouped them under 4 headings (see Annexure I). Although the contents were not subjected to more rigorous content adequacy tests (Anderson & Gerbing, 1991), we decided at this juncture to go ahead with the characteristics as they were and keep them “descriptively tentative” (Butler, 1991). The panel recommended that the content validity be tested with a larger sample of managerial population. The above formed part of the lead author’s doctoral research.

Quantitative study

With the help of the above-mentioned panel, we developed one statement each for every characteristic leading to 25 statements for TDC. These statements were then converted into the form of questionnaire items with appropriate instructions and 5-point Likert type scale (Kerlinger, 1986). The set of questionnaire items were once again subjected to a scrutiny by the panel of scholars for face validity and finalized for administration (see Annexure I)

We identified six companies which were either an Indian subsidiary of an MNC or had global business operations and approached their HR Heads to discuss our research objectives. All six organizations agreed to participate in the study. The questionnaire was in English as this is the most commonly spoken language in corporate India. Once permission to conduct research in these organizations was obtained, with the assistance from the HR department, the target group was intimated about the study in advance. With the help of the HR department, respondents were randomly selected and were asked to complete the questionnaire. Along with the questionnaire, a cover letter explaining the purpose of the study and giving assurance by the researchers about the confidentiality of their responses was also distributed.

Sample I: Exploring the factor structure of TDC

The 25-item questionnaire was administered on 307 managers from multiple divisions, multiple functions and various levels of management of four well established global organizations from the private sector, headquartered in and around the city of Mumbai. Profile of respondents are provided in Table I.

Insert Table 1 about here

An exploratory factor analysis on the 25 items suggested that after dropping items with low (<0.50) or double factor loadings and those left blank by most respondents, a final set of 12 items loaded on two factors with eigenvalues greater than one (results reported in Table 2). Factor 1 had rotation sums of squared loadings of 3.5 and explained 29.20 % of variance. Seven items loaded on this factor which reflect the support provided by supervisor in harnessing one's talent and hence has been named as 'supervisory support for talent development'. Factor 2 had rotation sums of squared loadings of 2.79 which explained variance of 23.24%. The five items that have loaded on it mostly relate to the support provided by the organization through their various policies and practices for talent development and therefore named as "organizational support for talent development".

Insert Table 2 about here

Having explored the measures of a TDC scale we proceeded to conduct the second phase of the research in which we validated the scale as well as tested the hypothesised research model.

Sample II: Testing the model – current study

In the second phase, the study sample was obtained from seven large companies which were either an Indian subsidiary of an MNC or were Indian MNCs, having operations in the metropolis of Mumbai. The seven firms represented a wide array of products and services including heavy engineering equipment, paints, infrastructure projects execution, statistical software, financial services and business process outsourcing.

Altogether 441 respondents were drawn from managerial population spread across various levels of management and representing broadly all functions including sales, operations,

accounts, finance and human resources, in these seven organizations. Managerial population defined those employees who were working in managerial roles and also had people responsibilities. Company wise descriptive statistics on age, education, tenure of the respondents is provided in Table 3.

Insert Table 3 about here

Originally, 460 questionnaires were distributed to respondents across nine organizations out of which 441 (95.87%) responses were obtained. From 441, only 403 responses were usable since data from two organizations could not be used as they were not meeting necessary sample size. The remaining sample (N=403) representing seven organizations has been incorporated for testing the research model.

Measures: Current study

Talent development climate (TDC)

Supervisory support for talent development. dimension was measured by 7-items on a 1-5 Likert scale. Sample items were ‘supervisor provides specific performance feedback on an on-going basis’, and ‘supervisor sets challenging goals’. Responses were scaled from 1= ‘never practised for anyone’ to 5 = ‘being practised for everyone’. Alpha coefficient obtained for this dimension of the TDC scale is 0.82.

Organizational support for talent development. dimension of the scale was measured by 5-items. The items of the scale included ‘organization provides visible recognition for innovation & creativity’ and ‘organization encourages open sharing of knowledge and ideas’. Responses

were scaled from 1= 'never practiced for anyone' to 5= 'being practiced for everyone'. Alpha coefficient obtained for this dimension is 0.79.

Human Resource Practices. This construct constituted all those practices which are driven by HRM considerations. This was measured using a 27-items scale of "high performing HR practices" developed by Sun, Aryee and Law (2007). Measured on a 5-point Likert type scale where 1 = 'strongly disagree' to 5 = 'strongly agree', the scale had sample items like ' great effort is taken to select the right person', 'there are formal training programs to teach new hires the skills they need to perform their job', 'the duties in this job are clearly defined'. Alpha coefficient obtained was 0.88

Innovative Work Behaviour. We measured this construct using a 9-items scale by Janssen (2000). The scale measures the extent to which an employee engages in innovative work behaviours anchored with 1= 'never' and 5='always'. Sample items of the scale are 'I engage in searching out new work methods, techniques or instruments' and 'I engage in mobilizing support for innovative ideas'. Alpha coefficient obtained for the scale used as an overall additive measure (Jansson, 2004) was 0.91.

Demographic Variables. Data on age, tenure, education, management level and industry sector were obtained, however no hypotheses have been formulated with respect to them.

Data has been analysed using several statistical techniques including descriptive statistics, Cronbach alpha scores, composite reliability testing for scale reliability assessment, construct validity testing using exploratory and confirmatory factor analysis, bi-variate correlation,

analysis of variance, and path analysis using structural equations modelling. All the statistical techniques have been applied using SPSS 15.0 and AMOS 7.0.

Results

Reliability and validity

Scale reliabilities for all the measures were tested on the data (N=403) and Cronbach alpha obtained for all the study variables are present in Table 4. It is evident that there is acceptable level of scale reliability for each of the study variables.

Insert Table 4 about here

Results of the first phase of research using sample I (N=307) provided preliminary construct validity of the TDC scale on the basis of exploratory factor analysis (Table 2). It was necessary to further establish the psychometric properties of the scale on the basis of data analysis in sample II (N=403). The 12 items representing two dimensions of the TDC were presented in the current study using the same response scale.

To demonstrate the construct validity of the two dimensions of TDC, we performed CFA on AMOS 7.0 with maximum likelihood estimation. We first tested a one-factor model, incorporating all the items under one latent construct. A chi-square value close to the degrees of freedom indicates a close fit of the model but getting such a value has proven to be unrealistic in most structural equation modeling empirical research (Byrne, 2001). More common findings are of a large chi-square relative to degrees of freedom. Researchers have thus resorted to the other goodness-of-fit indices which take a more pragmatic approach to the evaluation process. CFI (comparative fit index), GFI (goodness-of-fit index), NFI (normed fit index) value $>.90$ is

recommended for suggesting a good fit model. RMSEA (root mean square error of approximation) value $< .05$ indicates good fit. MacCallum et al. (1996) noted that RMSEA values ranging from $> .1$ are a poor fit of the model, $.08$ to $.10$ indicate mediocre fit, $.06$ to $.08$ indicate adequate fit and $< .06$ to be reasonably good fit (Hu & Bentler, 1999; Byrne, 2001). The fit indices obtained were a significant chi-square = 377.64 with d.f.=401, CFI=.80, TLI=.70 and RMSEA=.12 with the normed chi-square value of 0.94. We next conducted CFA on a two-factor model that revealed fit statistics of a significant chi-square = 162.04, d.f.=402 at $p < .01$, CFI=.93, TLI=.90 and RMSEA= 0.07 with a normed chi-square value of 0.40. The two-factor model showing considerable improvement upon a one-factor model demonstrated distinctiveness of the two dimensions of talent development. Composite reliability and variance extracted were computed for the two measures of talent development climate namely supervisory support for talent development and organizational support of talent development. The findings show that composite reliability of both the factors were $> .7$ as recommended by Fornell and Larcker (1981) for establishing convergent validity of the two measures. The average variance extracted values were however not $> .5$ (recommended by Fornell & Larcker, 1981, for divergent validity) which could possibly be due to high measurement errors of few of the items. As these were early stages of scale development, it was decided to retain all the items for further analysis. The overall fit statistics and the values of composite reliability and average variance extracted demonstrated that the fit of the two-factor model of TDC is adequate. The values obtained for composite reliability and variance extracted established the convergent validity of the two factors. This demonstrated that supervisory support for talent development and organizational support for talent development are distinct, independent constructs, which can be used for measuring TDC.

To further examine the distinctiveness of TDC scale from those of HR practices, a second exploratory factor analysis was conducted with all items of both the measures of TDC (12 items, two dimensions) and human resource practices (27 items, eight dimensions). We sought a rotated factor solution to examine the item loadings for the ten factors represented by the items. Results indicated that the 39 items loaded distinctly on nine factors accounting for 63.36% of the total variance. The 7 items of supervisory support for talent development clearly loaded on the second factor with initial eigenvalue of 2.56 and explained variance of 9.97% after rotation. The 5 items of organization support for talent development loaded together on the sixth factor with eigenvalue of 1.35 and explained 6.57% of total variance after rotation. However, one item ‘employees are encouraged to attend professional conferences and seminars’ loaded high on the other dimension of TDC as well. The items of HR practices clearly loaded on the remaining seven factors. Pearson’s correlations for the two dimensions of TDC namely supervisory support for talent development and organizational support for talent development with HR practices computed by taking all its dimensions together (Sun, Aryee & Law, 2007) showed moderate correlation ($r=.51$ and $r=.55$ respectively) as expected. This shows that the measures of TDC were distinct from the HR practices.

To further demonstrate the distinctiveness among the measures of TDC and HR practices (HRPs), confirmatory factor analysis was conducted. We examined a ten-factor model in which the 27 items of HRPs were a priori loaded on eight factors (Sun, Aryee & Law, 2007) and the two dimensions of TDC. The model was unidentified. We dropped the four items measuring job security and rewards as suggested by Sun, Aryee and Law (2007). We also dropped dimension of internal mobility since the items under this dimension suffered from high cross loadings as evident from exploratory factor analysis. We re-ran a seven-factor CFA model with five dimensions of HRPs and two factors of TDC. The fit indices obtained for this model were

a significant chi-square= 775.61, d.f.=401 at $p<.01$, CFI=.94, TLI=.92, RMSEA=.05 which indicated that the measures of TDC were distinct from the measures of HR practices.

The total data ($n = 403$) was first subjected to descriptive statistics as well as correlation analysis. Descriptive statistics and results of bi-variate correlations among the study variables have been presented in Table 5. Composite scores of all the independent measures have been considered for this analysis. As evident from the table, there is sufficient variability in the responses on all the measures thus ruling out any concerns on social desirability. All four demographic variables except education level are significant correlated with innovative work behaviour. Supervisory support for talent development, which is a TDC factor, has been found to be significantly related to all the constructs in the study namely human resource practices and innovative work behaviour. As expected, moderate correlation was found among the HRP and the two measures of TDC. HRP was also found to be significantly correlated with the constructs under study.

Insert Table 5 about here

Regression analysis

Multiple regressions were conducted on the data ($n=403$) to predict the dependent variables and test for mediation effects of some variables. As shown in Table 6, the construct of HRP was significantly related to both the measures of TDC and IWB ($\beta=.51, p<.01$; $\beta=.54, p<.01$; $\beta=.22, p<.01$ respectively) when the demographic variables were controlled for, thus supporting hypotheses 2 and 3. As is evident from the table, supervisory support for talent development is positively related to IWB ($\beta=.22, p<.01$), this partly supporting H1. As is also evident from

Table 6, supervisory support for talent development was positively related to innovative work behaviour ($\beta=.21$, $p<.01$), when HRP was controlled.

Taken together, the support for hypotheses 1, 2 and 3 confirms the conditions for testing mediation (Baron & Kenny, 1986). With respect to the mediated hypotheses, model 2 further reveals that the previously significant relationship between HRP and IWB ceased to be significant in presence of the mediator construct of talent development Climate (β changed from $.22$, $p<.01$ to $.02$, n.s). This supports hypotheses 4.

Insert Table 6 about here

Discussion

In response to calls for research on advancing understanding of talent management in emerging economies, the present study has developed a scale for measuring TDC through a qualitative study in the Indian context, as well as examined its linkages with perceived HRM practices and IWB. Utilising both qualitative and quantitative methods, findings of the study have made substantial theoretical contributions to the talent management literature.

Firstly, this study has explored and developed a two-dimensional scale of TDC. The inductive approach adopted for content development is a unique contribution to the literature of talent development. The study further demonstrates that HRM practices and TDC related practices are perceived to be distinct from each other by the managerial employees of an organization. Consistent with the growing demand for theoretical development in the field of TM (Collings et al., 2019), this is an important finding, which suggests that organizations will have to strive to make their HRPs healthy and also make concerted efforts to develop TDC uniquely.

Emergence of the two dimensions of talent development climate (TDC) highlights the importance of supervisory support (leadership) as well as organizational support in the context of TM. It reveals the critical role of leadership (supervisor subordinate relationship) in nurturing talent in the Indian context. It further delineates the differentiated perception of HRM practices and organisation support for talent development as experienced by managers at the workplace. In other words, the findings do caution that organization must take into consideration both aspects together for TDC.

Secondly, evidence with respect to influence of TDC on innovative work behaviour (IWB) is a novel and significant contribution of this research. This calls attention of scholars to treat TDC as an independent strategy for talent management to foster IWB in the organization. With the backdrop of technological advancements and continuous need for innovation, a climate that recognizes creativity, encourages knowledge sharing and promotes higher learning is perceived to be essential for harnessing one's talent for achieving superior organizational outcomes (see Del Giudice et al., 2018) and therefore requires specific attention. The notion of a TDC affirms and integrates theoretical developments from two distinct bodies of research - knowledge management and talent management to highlight the human dimension of innovation.

Thirdly, consistent with recent literature on the role of leadership in organizational performance and innovation (Singh et al., 2020), the full mediation effect of TDC (dimension of supervisory support for TD) on the relationship between HRP and IWB reveals its power as a dynamic capability (Glaister et al., 2016). It brings into sharp focus the role of managers and leaders in influencing strategic organizational performance like innovation. In effect we bring together two hitherto disparate bodies of literature by demonstrating that TDC acts as a mediator linking perceived HRM practices and IWB.

Traditional literature of SHRM has shown the power of strategies, interventions and efforts related to competency development on enhancing overall employee development. Present study has taken an inclusive approach to talent in organizations and focussed on exploring perceived talent development climate aggregated at the firm level, that fosters desired competencies among managers.

Lastly, literature so far does not offer any explicit framework for understanding or measuring a supportive climate that promotes talent development in a non-western context. It is widely agreed that calls for research from emerging-market are motivated by interest of MNCs originated in developed markets having international operations and are related to capability building (Latukha, 2018). Evidence of a mediated model of HRPs, TDC and IWB from this study conducted in large MNCs in India is thus a rather unique and relevant contribution to the literature on SHRM as well as TM. Overall, the study re-enforces the RBV of the firm by highlighting the need for a differentiated and particularistic human resource strategy that would nurture talent and in turn promote innovative work behaviour.

Conclusion

Our study offers several key suggestions to policy makers, business leaders and managers on how to develop talent that fosters innovative behaviors in organizations, with the backdrop of a growing knowledge economy. It calls for organizations to strengthen the leadership capabilities of managers such that they can motivate their team members to apply their specialized skills and knowledge for innovative behaviour. This research has made significant contribution by demonstrating the importance of TDC in relation with understanding development of talent in any organization.

The findings suggest that empirical investigations on innovation should be directed toward explorations of the contributions of a TDC to the knowledge management processes, at cross-functional and cross-managerial levels, with specific reference to group level effects of the construct.

Theoretical and practical implications

Literature is witness to the growing interest in advancing theoretical understanding as well as reporting empirical evidence of talent management in emerging economies (Collings et al., 2018; Meyer et al., 2018). At a global level, India enjoys the position of a lead player in providing information technology (IT), outsourcing, and information and communication technology– related services (Nayak et al., 2018). The findings of this study in a way reflect the changes that have taken place in the business landscape of an emerging economy like India and the consequent need for institutionalizing practices for developing talent that can compete internationally.

One of the pressing contextual issues that is likely to force us to reframe our understanding of talent management significantly is the challenges of managing talent in modern MNCs especially in emerging market economies. The findings of this study contribute to better understanding of the effectiveness of differentiated management practices on employee behaviour (Cascio & Boudreau 2016), which has been a topic of interest in recent years (Cooke, 2018).

It is indeed a novel and interesting finding that TDC emerged as a related but clearly independent construct, distinct from the HRM practices. This demands attention of scholars and practitioners on the need to broaden the offerings constituting the HPWS or treat HRM practices

and TDC practices separately. The research further confirmed that TDC includes both firm level (organization wide policies, practices, structure, regulations etc.) as well as micro level (role of supervisor on monitoring work of an employee) interventions. Organizational support for talent development and supervisory support for talent development, the two dimensions of TDC that emerged, demonstrate the critical role of organization policy and leadership on facilitating talent development.

Evidence of TDC as a strong predictor of IWB in an emerging market economy context like India, provides a compelling argument for extending strategic HR practices by putting a spotlight on the particularistic approach to talent management for fostering innovation.

Limitations and suggestions for future research

The primary limitations of the study are as follows. First, all organizations investigated were large multi-nationals. Due to this limitation the results are not likely to be generalizable, especially for smaller, medium-sized, and local firms. Further, the cross-sectional nature of the data could imply a contrary sequence of events and accordingly it is very difficult to support dynamic causal inferences. Plausibly, team level IWB may mediate the relationship between HRP and TDC. Of greater concern might be the choice of respondents during the two-phased process. The access to managers was decided by the HR department. Thus, there is a possibility of collaboration and referral bias among the respondents. Moreover, the use of self-reporting multiple respondents within middle and senior managers in multiple firms may have not eliminated common method bias.

In generalizing the results of this study, future research may be directed to countries that experience similar economic and financial crises or economic depression. Further studies may

also be conducted on specific industries that are known for innovation (i.e. high technology and science, biotechnology, and pharmaceutical industries; Dobni 2010). Adopting the interactionist perspective, scholars have increasingly emphasized the interactive effects of individual factors and organizational factors (TDC, HRM) on employee behavior (Hershcovis et al., 2007). Effects of role personality moderators and other psychological mediators in the proposed relationship can be investigated in future studies along with firm performance and turnover as important consequences of innovative work behavior.

Disclosure statement

No potential conflict of interest was reported by the authors. The authors confirm that the data supporting the findings of this study are available within the article [and/or] its supplementary materials.

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TABLE 1: Profile of the Respondents

	n	Age		Work Experience		Gender (%)		Qualification (%)		Mgmt Level (%)	
		Mean	SD	Mean	SD	M	F	Grad	Post Grad	Jr Mgmt	Sr Mgmt
Company A	48	41.00	9.59	17.57	9.53	93.75	6.25	64.58	35.42	50.00	50.00
Company B	60	33.75	9.25	10.7	7.24	90.00	10.00	85.00	15.00	83.33	16.67
Company C	100	29.07	4.19	7.39	3.63	71.00	29.00	58.00	42.00	81.00	19.00
Company D	99	29.99	5.00	6.87	3.84	72.73	27.27	77.78	22.22	77.78	22.22
Total	307	32.26	7.88	9.50	6.88	78.18	21.82	70.68	29.32	75.57	24.43

TABLE 2: Exploratory Factor Analysis of Talent Development Climate

	ITEMS	1	2
1	Supervisor provides specific performance feedback on an on-going basis.	0.66	0.38
2	Supervisor sets challenging goals.	0.72	0.28
3	Employees are exposed to diverse functions or areas.	0.62	0.27
4	Employees receive specific feedback from team members.	0.68	0.31
5	Supervisor takes interest in team member's professional development.	0.68	0.42
6	Employees are assigned to jobs in which they encounter novel problems.	0.67	-0.03
7	Employees are assigned to job roles that are aligned to their interest	0.53	0.23
8	Employees are encouraged to attend professional conferences, seminars, industry forums	0.35	0.56
9	Organization collaborates with external bodies for higher education for the employees	0.08	0.70
10	Organization provides visible recognition for innovation & creativity.	0.26	0.77
11	Organization encourages open sharing of knowledge and ideas.	0.31	0.79
12	Employees are imparted training for competency development.	0.27	0.75

Table 3 : Respondents Profile - Age, Tenure, Education and Management Level

Orgn	<i>n</i>	Age		Tenure		Education		Management level	
		Mean	SD	Mean	SD	Graduate %	Post grad %	Junior	Senior
A	59	32.97	6.11	2.54	3.25	32.30	67.80	13.56	86.44
B	46	34.20	7.26	7.68	8.51	44.44	55.56	52.17	47.83
C	104	28.25	3.14	4.07	2.17	77.67	22.33	40.38	59.62
D	30	32.80	3.41	2.86	2.04	20.00	80.00	33.33	66.67
E	66	30.30	5.79	4.44	4.09	80.95	19.05	58.73	41.27
F	68	34.34	10.77	7.04	8.22	77.94	22.06	47.06	52.94
G	30	36.93	5.99	7.20	5.01	33.33	66.67	30.00	70.00
Total	403	31.99	7.06	4.96	5.50	60.05	39.95	40.50	59.50

Table 4: Scale Reliabilities of the Measures used in Sample II

Scale	Source	No. of items	Cronbach Alpha obtained in Study II
Human Resource Practices	Sun et al., (2007)	27	0.88
Supervisory support for TD	Developed in Study I	7	0.82
Organizational support for TD	Developed in Study I	5	0.79
Innovative work behaviour	Janssen (2000)	9	0.91

Table 5 : Means, Standard Deviations and Correlations among Study Variables

Study variables	Mean	SD	1	2	3	4	5	6	7	8
1 Age	32.04	6.91	1.00							
2 Tenure	4.96	5.51	0.64**	1.00						
3 Education level	1.40	0.49	0.05	-0.14**	1.00					
4 Management level	1.65	0.59	0.34**	0.12*	0.13*	1.00				
5 Human resource practices	3.48	0.64	0.06	0.01	-0.03	0.04	1.00			
6 Supervisory support for TD	3.37	0.76	-0.01	-0.04	0.05	0.04	0.51**	1.00		
7 Organizational support for TD	3.55	0.87	-0.09	-0.03	-0.12*	-0.05	0.55**	0.53**	1.00	
8 Innovative work behaviour	3.74	0.58	0.13**	0.13**	0.01	0.16**	0.28**	0.28**	0.26	1.00

*** p<.00; ** p<.01; * p<.05

Figure 1: Operating Model of HRP, TDC and IWB

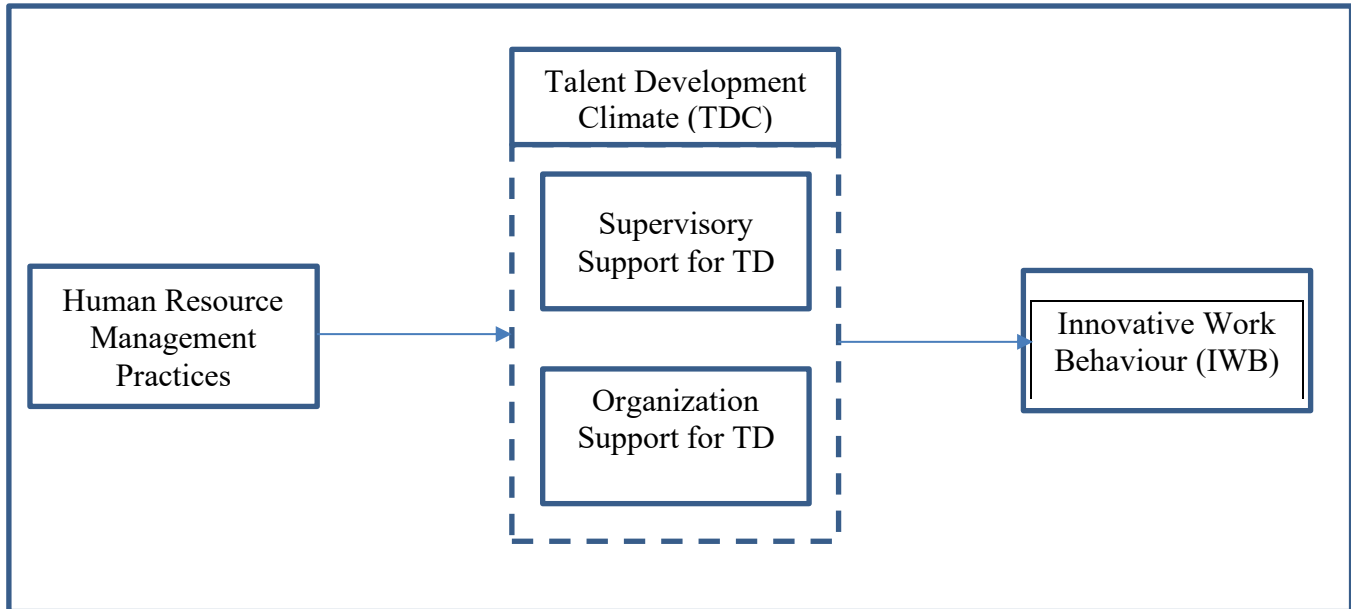


Table 6: Results of Regression Analysis

	Model 1		Model 2
	TDC1	TDC2	IWB
Controls			
Age	0.04	-.05	0.02
Tenure	-.04	0.01	0.14**
Education	0.04	-.12*	0.04
Mgmt level	-.03	-.06	0.14**
Sector	0.07	0.08	0.08
R ²	0.01	0.03	0.05
Adj. R ²	0.00	0.02	0.04
F	0.69	2.26*	4.07**
HRP			
	0.51**	0.54**	0.22**
R ²	0.27	0.33	0.06
Adj. R ²	0.26	0.32	0.06
ΔR ²	0.26	0.30	0.05
F	63.22**	80.93*	4.80**
Mediation by TDC			
HRP			0.02
Supervisory support for TD			0.21**
Organizational support for TD			0.02
R ²			0.03
Adj. R ²			0.03
ΔR ²			0.02
F			1.80

TDC1=Supervisory support for talent development

TDC2=Supervisory support for talent development

IWB=Innovative Work Behaviour

** p<.01; * p<.05

In testing for mediation effects (model 2), we entered the controls in the first step, then entered self-efficacy and the mediators in the second step.

ANNEXURE I

Characteristics of TDC as emerged from content analysis of qualitative data

Job related practices	People practices	Supervisor support	Training and development
Developmental job assignments	Recognition for creativity	Challenging goals set by the boss	Training for competency development
Open sharing of knowledge with colleagues	Mentoring	Freedom to implement ideas	On-the-job training
Aligning jobs with individual interest	Feedback from all stakeholders	Opportunities to utilize one's talent.	
Job role flexibility	Social support for learning	Freedom to make mistake	
Global exposure	Opportunities for professional development	Creating involvement in one's work	
Challenging responsibilities	Communities of Practice	Benefits of learning and development are communicated	
Exposure to variety of tasks / responsibilities.	Full support for higher qualification	Superior's interest / accountability in one's development	
	Transparency in communication.	Reasonable work demands	

Original 25 Items of Talent Development Climate

1. Supervisor provides specific performance feedback on an on-going basis *
2. Supervisor sets challenging goals *
3. Employees are exposed to diverse functions or areas *
4. Employees receive specific feedback from team members *
5. Supervisor takes interest in team member's professional development *
6. Employees are assigned to jobs in which they encounter novel problems *
7. Employees are assigned to job roles that are aligned to their interest *
8. Employees are provided with mentoring
9. Employees are encouraged to attend professional conferences, seminars, industry forums etc. *
10. Organization shows receptivity to suggestions and ideas from employees
11. Organization collaborates with external bodies for higher education for the employees *
12. Employees receive specific feedback from customers
13. Organization provides visible recognition for innovation & creativity *

14. Organization encourages open sharing of knowledge and ideas *
15. Supervisors make employees aware of the benefits of personal and professional development
16. Employees participate in communities of practice
17. Employees are imparted training for competency development *
18. Employees enjoy freedom to implement ideas even if it means making an honest mistake
19. Employees receive feedback from suppliers, vendors or associates
20. Employees get global exposure as part of their job
21. Organization vision is clearly communicated
22. Supervisor takes interest in team members' personal development
23. Organization demands superior performance from its' employees
24. Supervisor sets challenging goals along with team members
25. Employees experience unreasonable work demands

* Statements that comprise the final validated scale developed for TDC