

# Review of Talent Management and Its Relevance to Firms Today

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**Abstract:** *In today's business environment, stiff competition has urged companies to compete with creativity and innovation in order to define and achieve the organization goals, objectives and strategies. Currently, organizations strive to attain efficiency, effectiveness and total quality in its operational processes that can be addressed through successful management, retention and utilization of the best talents that are available in the marketplace. Getting the right people with the job in the right place and the right time is very important as an ingredient to organizational success and performance through conducting survey of the labor market. Results from critical evaluation of the literatures suggest that talent management proved to be a source of competitive advantage, leaders and managers are instrumental in promoting talent management and views talent management as maximizing the talent's potential for effective functioning of the organization as well as its human resource department. The active role of talent management practitioners are essential in understanding the needs, aspirations and employee concerns, motivation and development of talented employees, embed positive corporate culture, and introduce programs that reflect and support the core values of the organization and its employees. Lastly, the human resource department has vital role to play in assuring that there is supply sufficiency of the talents in the workforce who possess the qualities and requirements for effective talent management. And, management should make sure that talent management is aligned with human resource practices, corporate strategy and organizational goals and objectives.*

**Keywords:** Talent Management, Talent Management Culture, Competitive Advantage, Proactive Talents, Feedback Mechanisms

## 1. Introduction

In this era of globalization and competitiveness, companies are looking for ways on how to stay competitive with the rapid technological revolution. Businesses progress through knowledge, economy and talent management. Because of stiff competition between companies on daily basis, sustainability in the operation has become a major concern due to the increasing challenges and problems encountered by these companies. This has led to the introduction of talent management which has been perceived as an important consideration to counter this immense reality. According to the CIPD (2007), talent management is defined as the process that facilitates the "identification, development and engagement, deployment of those individuals who are of particular value to an organization. It also refers to the implementation of integrated strategies or systems that are intended to improve productive employees through an enhanced processes on how to attract, retain and utilize the human resources with the right skills, attitudes, and knowledge to attain the current and future strategic goals (Armstrong, 2008). Hence, its main role is to make sure that organizations will have enough workforce ready to respond in times of skill shortages.

Many organizations viewed talent management as an important driving force for success and given the effective way of managing talents will meet the demands of both local and international markets that will allow the maximum utilization of individual's or employee's potentials and, maintaining those talents that can be source of competitive advantage to their respective companies. For many practicing human resource professionals, they have identified the problems and challenges facing organizations with regards to manpower pooling however; this has been slowly lessen with the emergence of talent management approach. The development of talent management had gain

recognition because of its increasing role in the development of effective human resource management in many organizations. The advantage of hiring well-experienced and educated workforce equipped with desired skills and abilities will put the organization into favorable situation compared to those that lack these qualifications (Bentley, 2013). Previous studies conducted have established the relationship between the talent sufficiency, management practices, organization fit and the task/responsibility of the human resource (Brakeley, Cheese, Clinton, 2004). It was also hypothesized that, there is strong positive relationship between these variables as contributing factors to the success of the organization (Suratkumari, 2012). As the demand of workforce is increasing, the urgency of talent management is also needed and timely considering that, selecting right people for the right job is a continuous challenge that if not attended will result to job mismatches. So, there is a need for modern organizations to address the issues of talent shortage and implement a strategic talent management to counter the negative influences brought about by the fast changing internal and external environment and the forces that will hinder company growth.

In view of this fact, this paper is primarily aimed to critically review the different views underpinning talent management, its concept and function as well as assess its relevance to the companies nowadays. It will also provide adequate information on the leaders and managers' role in promoting talent management and formulate commonly agreed talent management aims and objectives. Lastly, it also iron out the contributing factors of talent management as an important tool to achieving organizational success.

## 2. Literature Review

Businesses nowadays consider the human resource as its important assets and so with talent management.

Understanding the concepts of talent management is very vital in company's drive to achieve sustainable competitive advantage. As most organizations faced with challenges and major changes relative to business operation such as mergers, downsizing, consolidation and others major decisions, it is time for them to introduce new strategies and techniques on how to manage effectively talents as talent management is the answer to these growing issues. So, talent management therefore, should be addressed at the highest level of the company in consonance with the management of strategic decisions and practices that are reflective of the desired outcome.

Many studies established a link between talent management to many factors such as loyalty, job, fulfilment and organizational productivity (Julia, 2008; Iles, 2007; Kihinde, 2012; Emmanuel, 2010). Moreover; researches of the past revealed the significant effects of person-talent organization to such factors such as performance, commitment, attitude, and employee turnover (McKinsey & Company, 2001). However; only few studies confirmed that talent management is a process that starts with organization and socialization.

## 2.1 Concept of Talent Management

The idea of talent management has been existing quite a long time but the perspective has changed on viewing talent management that was once purely rest a personnel department function to a new perspective referring to as an organizational function where most companies have taken consideration more closely with caution. Since its inception in 1990, it is now widely regarded as important and main resourcing activity of many firms. A study was made in 2008 by the Development Dimensions International (DDI) and Economic Intelligence Unit (EIU) and findings showed that, 55% of executive level respondents claimed that organizational performance will shrink if they fail to implement talent management and mismanagement of talents (Deloitte, 2005, SHRM, 2006).

The fast changing urgency of talent management cannot be avoided considering that, on the average, many firms spent about a third of their income for the salaries and benefits of the workforce. While human resource practices such as selection, hiring and compensation can easily be done, replicating a high quality and talented employees are difficult to obtain. In other words, hiring effectively, deploying, retaining and engaging talents in the entire organization truly reflects the competitive advantage.

Globally, talent management involves:

- Attracting, developing and retaining exceptionally talented people in the workforce.
- Ensuring that the organization has both quantity and quality of people working to sustain the demands and business priorities considered as a critical process.
- Integration of all the components of the company's human resources to perform the strategies and efforts to select, hire, develop and others.
- Definition of talent management that attains the firm's specific and unique needs. Diverse Views on Talent Management

Integrating talent management to the organization's strategic goals and objectives is vital in the effective functioning of the company and fill the talent gaps while maximizing the potential of the available talents in place. Moreover; regardless of the organization's classification as to whether public or private entities, talent management plays a significant role in maximizing profits for private companies while fulfilling the needs to the public by government agencies. That is, meeting the organization's objective of quality service to the customers. The success and failure of the business can be attributed largely to the quality of service provided by the talents. That means, low level of talents will hinder organizations to achieve its targets, future growth and productivity.

But, it is worth to point out that, the organization's full support to talent management is very important to ensure that desired targets are achieved. There should be united views between the management and the employees in developing the employees' knowledge, skills, and capabilities that enable the employees to perform beyond expectations and be satisfied in the performance of their tasks. If companies take into serious consideration on identifying the talents of employees, then the management can device plans to institute learning and development activities as well as provide feedback mechanisms that will lead to application of reward system as a way to enhance motivation to employees. Doing this will enable the employees to willingly make use of their talents to the fullest for more productive and successful performance of the tasks.

Different objectives can be developed to implement talent management and in the same manner, different authors have varying definition of the term talent management. For instance, according to CIPD (2007), talent management refers to individuals who excel in their respective workplaces and make difference leading to better organizational performance. It is also designed to meet the long-term needs by maximizing individual potentials and encourage employees to make difference as source of competitive advantage. Furthermore, talent management can also be perceived as the process of identifying, recruiting, retaining and deploying those talented people.

## 2.2 The Major Function of Talent Management in Modern Organizations Today

It is a known fact that, talent management is a strong predictor of productivity and profitability. This is because one of the goals of talent management is to enhance productivity and employee performance that led the company to hire the right people who can get the things done and fit with the positions that in one way or another contributed to company's success as well as eliminate the problem of job mismatches. It is also through talent management that, organizations will achieve its objectives and provide customer satisfaction through a combination of qualified workforce and the delivery of quality products and services. Talent management on the other hand is influenced by employee attitudes and behavior along with the company needs. Talent management also is very essential in developing the career of the employees and managing their growth. For new employees that are in the exploration stage

of their employment lives, they have to pass through several stages in order to discover the job that best matches their talents and interest. Then, these employees think of advancement in their career thereafter and more attention shall be focused on how to develop one's skills ready for higher responsibilities.

### **2.3 Leaders and Managers Role in Promoting Talent Management**

As businesses today experience a fast changing environment, leaders are instrumental in assuring that they have sufficient manpower and adequate plans to fill the workforce with people that are equipped with knowledge, skills, attitudes and abilities best suited to the job requirements. Due to the impact of globalization, it is a given fact that employees are becoming more knowledgeable that enable them to transfer from one workplace to another thereby posing problems and challenges to leaders and managers. Because of these facts, the leaders and managers have crucial role to play that they should:

#### **2.3.1 Support Talent Management Culture**

Leaders and managers should have realized that, there is a need to integrate talent management into the company's strategic goals and objectives and be part of the core values. Moreover; it should also be integrated with the employees' norms and beliefs. Leaders and managers should also focus on building and sustaining teamwork and build a workforce that is team-oriented that would be evident at all levels of the organization as these will provide opportunities for employees to improve in their careers as well as enhance both individual and organizational performance.

Moving down from top management to the functional level, line managers play a very important role in promoting talent management as they are in direct contact with the talents. High consistency of human resources practices related to talent management is a must if the organization want to achieve higher level of success so, managers and line managers should be serious in identifying people or workforce who possess varieties of talents. Line managers in coordination with the human resource department should conduct skills inventory for instance to determine employees who are capable of excelling and may provide necessary trainings for those whose skills needed to be improved. Since talent management is foreseeing the sufficiency of talents for future planning, line managers' first-hand information is crucial for the top management as they can provide reliable information that enable the top management to fully support the culture of talent management.

#### **2.3.2 Attend to Employees' Concerns**

Old management thoughts view employees as machine that they are only important for complying deadlines and targets without knowing their concerns. In other words, they are just there to get the jobs done. But modern ways of doing it is for managers to exercise due care for employees thereby knowing their concerns both work-related and personal concerns to make the employees feel that the management care for them. This can be done through asking the employees about how they feel with their jobs, what are problems they encountered that can be acted upon, and

regular feedback on their progress. Moreover, managers may often visit the employees in their offices to make sure that they are alright. More importantly, managers should be sensitive with the personal concerns of employees. For instance, managers may ask of their plans on what are their personal plans specifically their careers and personal views on some matters that are important to their success.

#### **2.3.3 Communicate Organizational Goals, Objectives and Targets**

Managers should establish a mechanism where employees should know all the whereabouts of the organizations because employees have the right to know every single information from the management. To encourage employee participation and commitment, employees would likely perform better if they are well-informed of their responsibilities (Heinen&Onell, 2004). Developing a habit of open communication would make employees feel that the organization is sincere and committed to share any information that is vital to the achievement of goals and objectives and that nothing is hidden. So, communicating clearly the organization's goals and objectives, expectations, and the tasks to be performed from the top management down to the lowest level will encourage and maximize employee productivity and thus, increase profitability (Halder&Juthika, 2012).

#### **2.3.4 Develop Proactive Talents in an Integrated Approach**

Managers and leaders should consider employees as "employees or choice". This term implies that, employees should be viewed by managers as those who are highly motivated, satisfied, easily adjust to organizational culture, and possess the knowledge, skills and abilities necessary to achieve the organizational goals and objectives. It also refers to a status that is derived from the employees' outcome of coherent culture that encourages their behavior to value respect, objective orientation, awareness and dialogue to their superiors (Nancy, 2006). This can become a blueprint for establishing and developing a fully talented and productive workforce which is also the basic foundation for effective talent management implementation.

#### **2.3.5 Encourage Regular Feedback Mechanisms**

According to Schuler(2011), employees are encouraged to perform better if they are aware of their employment status and job performance. Many employees are reluctant to perform better because they felt that nobody in the organization would care how they perform. This has been seen in the management's lack of providing feedback to employee's performance. Employee's behavior can be shaped by her performance and many employees who perform better lacks the motivation to work at their best because they felt that their achievements are not rewarded. This requires that, managers should be responsive to the progress of the individual employees. Providing periodic feedback allows employees to re-examine themselves and make a platform on how they are able to perform better with guaranteed returns on the part of management. It is a fact that, motivation is a defining factor to encourage effective performance. Various studies have established strong positive relationship between motivation and performance (Berger & Berger, 2004; Athanne, 2012; Lewis & Heckman,



2006; and, Maingi, 2008). Thus, feedback is necessary so that employees will be aware of their current performance, how they can improve better, what they need to change and the importance of developing a good and consistent performance. Giving feedbacks is perhaps one of the critical function of the human resource department and so with talent management.

### 2.3.6 View Talent Management as Source of Sustained Competitive Advantage

Different views on talent management had been investigated in the past and findings revealed that, talent management helps improve both individual and organizational performance that has led many businesses to compete in the marketplace (Tymon, 2008; Turker, Kao & Verma, 2005; Wafula, 2010; Elegbe, 2010; Capelli, 2008). Studies also proved that, talent management correlates positively with employee job satisfaction as well as increase profitability by organizations. In the advent of technological revolution, talent management plays important role in addressing this major issue not only that, it actively respond to the pressures brought about by globalization. When managers fully support the employees in developing their careers and aspirations, then managers would likely be in the right position to fill the gap of the rapid changing environment with talents that are distinct from the competitors and advise the top management of the competitive advantage that the company have through its present highly competitive workforce. So, the top management should realize that, possessing talents that are unique to an organization is a source of competitive advantage, thus; retaining best talents are qualities that other competitors are difficult to copy.

## 3. Desired Organizational Goals of Talent Management

Critically reviewing various researches and articles, the commonalities of those literatures provided insights on how the company's aims and objectives of talent management can be formulated:

- Establish concrete reasons why organizations should implement talent programs to address business needs.
- Determine appropriate measures to assess and evaluate talent management.
- Enable the workforce to achieve excellent performance and maximize their potentials.
- Encourage and motivate employees to utilize their knowledge, skills and abilities to achieve the organizational goals and objectives.
- Provide an avenue where the employees can demonstrate their creativeness and abilities to hone their decision making skills.
- Establish and develop working conditions conducive for stimulating innovation, teamwork and total quality management concepts.
- Install management flexibility in decision makings to ensure learning processes of employees within the organization.
- Delegate authorities to institute accountability and responsibilities to employees and to meet the objective of talent management thereby, preparing them for higher responsibilities in the future.

- Prepare individuals for future challenges by honing their talents, skills, attitude, knowledge, and abilities so they will have confidence to hurdle higher tasks.
- Duplicate leadership and management to those who have the potential to be successors. Make succession planning a must and urgent concern to prevent leadership crisis.

### 3.1 Contributing Factors of Talent Management

Talent management has been traditionally perceived as human resource practices that centered on control and delegating employees towards realization of organizational goals (Cappelli, 2000). But recent perspectives view talent management more than achievement of organization's goal. It encompasses a strategy that value knowledge, skills, attitudes and abilities to ensure company success and it also take a supportive and development strategy for better organizational outcomes through preparing the workplace with the best skills that meet the needs of jobs thereby reducing the money, time and efforts to hire outside applicants when the job requires. Employees are likely to perform at their best that will lead to higher job satisfaction as well as organizational effectiveness and desirable performance. This has change the traditional role of human resource practitioners from the controlling and directing function into developing and maintaining pool of talented employees.

On the part of managers, it is their judgment call to clarify the goals and paths by creating a healthy working environment where there is supportive and growth oriented workplace that people are willing to take challenges related to their jobs actively and enthusiastically. Hence, utilizing effectively the talented workers is considered the most critical factor in the achievement of corporate goals and objectives. To meet this expectations, the active role of talent management practitioners are essential in understanding the needs, aspirations and employee concerns, motivation and development of talented employees, embed positive corporate culture, and introduce programs that reflect and support the core values of the organization and its employees. Furthermore, the constant environmental changes directly affects talent management that can be due to increasing size of the workforce and with this, the management through the human resource department are compelled to provide better pay benefits, attend to the demand of additional employees and good working conditions. The need for managers to meet employee's expectations is a challenge that needed to be addressed to have a participative management where employees are more involved in management processes and decision-makings given the exceptional talents the employees possess that the organization cannot afford to lose.

## 4. Conclusion

It is proven in this review that talent management is very vital to the success of the organizations. From the old views of human resource management practices of directing and controlling the workforce, it has shifted to the modern ways of managing and developing talents to bridge the gap of talent shortage. Hence, the move towards developing creative ideas and innovation through effective talent management as an integral part of human resource

management practices have been supported by many companies to achieve the organization's goals and strategic objectives. Leaders and managers' role are equally important to ensure that the talent management will be promoted at its fullest extent. Talent management also proved to be a strong predictor to company's productivity and profitability. If the human resource department put greater emphasis on managing the talents and impose programs and strategies as well as processes to talents, then profitability and productivity are assured. Consequently, with the organizations view of installing quality performance and operational excellence in the competitive environment, talent management plays a very important role in coming up an strategic approach to attract, retain and develop employees ready to fill up the vacancies and promotions as the availability of such positions permit.

To conclude, the need of aligning talent management to human resource practices, corporate strategy and organizational goals and objectives is a must if the organization wanted to foresee the success and meet the organizational demands for the right talents. To validate these findings, a follow-up survey and research study can be conducted to determine the available talents in the labor market and to ascertain that the right people are hired at the place and at the right time.

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