



Talent Management as a Source of Competitive Advantages: A Review

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ABSTRACT

Talent management has been considered as an alternative platform to attain competitive advantages by many all over the world. Along with its unique and inspirational perspectives, talent management encompasses every core issue of human resource management including recruiting, selection, recognition and development. Business undertaking an effective talent management approach is benefited by being able to attract finest talent, making them feel attached to the organization and keeping them as loyal. Therefore, organizations today are focusing individual and organizational capabilities to build up high potential pool of talent as well as nursing and leading them to continue the long run success of the organization. This review would help the scholars to comprehend the idea of the talent within the framework of company's strategic capabilities.

Keywords: Talent Management, Talent Management Strategy, Competitive Advantages.

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1. Introduction

Talent management has become a critical issue for many organizations all over the world (Bhatnagar 2007). The developments of talent management and a matter of interest for talent strategy has gained attention in the literature in many countries including USA, UK, Japan, India, Australia, China, and through Asia (Yeung 2006; Chugh and Bhatnagar 2006, Dunn 2006;Ruppe 2006; Lewis and Heckman2006; Bennett and Bell 2004). It was primarily intended with a view to progress the recruitment practice and developing human resource to satisfy the need of organization in terms of required skills and ability (Bhatnagar 2007). Career development, career planning, leadership development, recruitment, selection, recognition and reward are different dimensions of talent management (Scheweyer2004, Romans and Lardner 2006). However, there is no common platform to define talent management as different authors explain it with their own assumptions (Lewis and Heckman2006). Broadly, talent management is a process of managing the stream of talent strategically within an organization to ensure the right talent at the exacttime with the correct jobs (Duttagupta 2005). Schweyer (2004) put talent management as talent optimization covering all the process of human resource management, technical know-hows and administration. On the other hand, talent management

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has not been viewed as a set of topics rather as a mindset that assumes organizational success depends on the critical role played by the talented individuals (Creelman 2004). Moreover, talent management has been explained as a careful and organized effort made by a firm to guarantee the succession of leadership in vital positions and motivate the progress of individuals (Rothwell 1994). Besides, Olsen (2000) provided a characteristics perspective of talent management that it is a practice of transforming the old-fashioned departmental recruiting and selection process into an organizational attempt to attract and keep talented human. Some other authors narrow down the definition of talent management focusing on niche area within human resource management (Lewis and Heckman 2006). For example, the experts of compensation discuss talent management in terms of compensation and performance applications (Garger 1999), while leadership oriented authors tend to argue this issue within the framework of succession planning and developing leaders for the organization (Conger & Fulmer 2003). Thus, from the above discussion it quite apparent that talent management lacks a specific meaning and has been explained as well as used in various ways (Lewis and Heckman 2006). And it primarily focuses the tactical importance of human resource related issues including hiring, selecting, development and so on (Lewis and Heckman 2006).

2. Adopting talent management

The early research on managing human resource focused on caring more for the internal talent as it was believed that those employees already achieved the skills working till to their current rank (Miner, 1973). But companies failed to find the key people to fill the strategic gap from internal staff of the organization due to inadequate pool of high potential talent (Ready and Conger 2007). Ready and Conger (2007) also explained citing the examples of HSBC and Procter & Gamble that the CEO of those organizations consider talent management can results in high performance and elevate an supportive environment. The findings of Joyce and Slocum's (2012) revealed that employee of an organization is the pivotal asset and therefore, growing and retaining the talent is significant. Particularly, the idea of the talent management must be understood within the framework of company's strategic capabilities. Therefore, with the emergence of inspirational tactics of talent management along with the greater competition in human resource, thinking and planning about career has become unavoidable (Vardarlier, Aykir and Vural 2012). Talent management offers the platform to lift up the application of HRM to its intellectual potential provided that it is guided by a caring culture and collective accountability (Hughes and Rog 2008). If the human resource of an organization generates creative and original projects, it can contribute the business by achieving competitive advantages along with a high rate on return (Vardarlier, Aykir and Vural 2012). In the age of strong war of competition relying on just financial capital and technology is not good adequate. Therefore, business has to compete by strengthening its human resource and talent management can be pivotal to reach the objective (Vardarlier, Aykir and Vural 2012). Adherence of talent management framework in the organization also helps the business in creating value for customer as a talent with his skill can put in to uneven contribution (Vardarlier, Aykir and Vural 2012). Apart from these, talent management is critical for organization for two prime reasons-first of all, an efficient talent management structure ensure that the organization would able to draw the attention of real talent as well as retain them; secondly, undertaking activities so that those potential force feel engaged with the organization (Hughes and Rog 2008). The survey of Deloitte (2005) revealed the cost of being unable to address the organizations recruitment and selection phenomenon including a fall in organizations output and competence, lacking in originality and failure to satisfy the customer expectations. The survey (Deloitte 2005) also provided few strategies to solve those problems which included different tactics related to managing talent like education and growth program, one to one interaction and few others.

In addition to contributing to the effective recruitment and retention of employees, an organization's talent management strategy should also contribute to employee engagement (Hughes and Rog 2008). To be more specific, the more the employee feel that they are attached with the organizations, the more they will think positively and do contribute in achieving company's return on investment, stay loyal to the organization by staying long which in turn reduce the turnover rate of the organization as well as deploying their full potency (Hewitt and Associates 2004). It has been found that small organization with employee less than 5000 expressed their positive feelings that they are very happy and proud of their employer, satisfied with what they are doing for the organization, believing

that this is a place where they can learn and grow as well as have trust that their leaders have the intensity, integration and intellect (Gibbons 2006). As a result, the organization those can deploy the full potential of their employee by attaching them through an efficient talent management surely attain competitive edge in the market (Hughes and Rog 2008). Besides, in the absence of talent mindset, an organization would fail set their goals with employee as its vision should be tied with shared contribution of everyone ranging from top to bottom (Vardarlier, Aykir and Vural 2012). Lack of effective talent management strategy may give difficulty the business in devising policies, tactics, short and long term goals that could bring an employee-friendly makeup in business (Vardarlier, Aykir and Vural 2012). Moreover, without an effective Talent management approach organization may fail to crate division of labor assigning multiple jobs for a single employee and hamper specialization (Vardarlier, Aykir and Vural 2012).

3. Key talent management strategies to adopt

Talent management strategy is a framework where key positions of an organization are identified systematically that might help to achieve long run competitive advantages, nursing a body of significantly potential candidates to carry on these responsibilities and designing a unique human resource structure contributing to fill these vacancies with potential talent as well as assuring their persistent dedication for the organization (Collings and Mellahi 2009). Many authors offer strategic framework for talent management (Jackson & Schuler 1990; Walker 1980) but unable to provide specific guidelines (Sears 2002; Gubman 2004). Possibly, linking business strategy with human resource management was first coined by Tichy, Fombrun, and Devanna (1982) as they sketched tactical framework organizations may adopt supporting its own structure and HR practices. However, technological innovation as a key talent management strategy that organization might embrace was proposed by Zuboff (1988) suggesting that a shift in technology will also bring a change in the capacity needed to custom that technology. Zuboff (1988) justified her proposal explaining that adoption of automated technology in manufacturing reduced the need of manual labor as well as changed the type of information collected and managed. Collings and Mellahi (2009) claimed that identifying the key talent positions and developing a pool of talent to fill those gaps should be considered first in any system of strategic talent management. This was also voiced by who claimed that a file of core competencies and an appraisal system to measure them should be maintained by an organization. And to cushion these competencies education and development program should be designed to evaluate individuals, project the potential and developing proper plan to assure the competencies (Berger 2004). Sparrow (2007) regarded this phenomenon as a drive from vacancy guided employment to recruiting as planned. The study of Stahl et al (2007) regarding the management of global talent revealed that organizations those are performing well guided by talent pool tactic that is recruiting the finest talent for the organization and then looking for a suitable job for them. However, Romans (2005) restructure his organization based on a model called “human capital pipeline systems thinking model” focusing on the function competencies instead of individual competencies. On the other hand, creating a unique HR architecture has been recognized as a crucial talent management tactics that admits the different contributions made by the specific group of workers in achieving organizational goal (Lepak and Snell 1999; 2002). Lepak and Snell (1999) argue that a specific human resource management system may not be appropriate in all kinds of situations and it is mostly depend on distinctiveness of individuals. Besides, for sustainability, talent management should be safeguarded with an organizational pledge to constant progress of professionalism (Clarke 2001). Moreover, Goodman (2000) believes that reengineering in organisation is required to bring the talent that exist within the organisation and opportunities should be created for individuals so that they can motivated in this way to come up with new ideas.

Apart from these, as an effective talent management strategy, retaining a steady workforce is a critical concern (Deery 2008). Managers at different ranks must know how to cope with organisational structure with the pace of change by altering working nature and undertaking diversity strategies to hold the finest talent (Ladd et al 2010). Organisations having an excellent job design offer an environment where employee and organisation mutually benefited (Eder 2008); in other words it sets a relationship of exchange (Settoon, Bennett & Liden 1996). The flourishing economy offer more power and alternatives to the employee to make the choice of staying in an organisation and it seems logical for them to remain motivated, committed with the organisation that offer flexibility and go along positively

with them (Van Knippenberg 2006). And there is a little chance that employee would hang on with the organisation if its behaviour is not encouraging for them (Chiu, et al. 2005, Maertz, et al. 2007). Moreover, many authors believe that managing the diversity in the organisation can show the way to superior talent management as it makes easy to draw attention and keep talent which in turns help the organization through diverse ideas, innovation, logical thinking, efficiency and performance (World Economic Forum 2009). Furthermore, diverse pool of talent can come up with different thoughts and would able to identify as well as address problems more easily solving the continuing difficulties of the business (World Economic Forum 2009).

4. Importance of effective leadership

Many corporate leaders believe that one of the effective ways of growing and developing prospective talents for future leadership within the organisation is to provide intensive guidance and mentoring (Pollitt 2005). Similarly, Scheck McAlearney (2005) suggested by offering expert direction and mental support, mentoring can play a crucial task in career progress; most importantly when significantly potential candidates feel that they are under continuous supervision to do well and required support to minimize the pressure. Consequently, many organisations failed to manage talent efficiently because the leaders in the organisations didn't recognise that they had a role to play in talent development (Axelrod et.al 2001). Axelrod et.al (2001) considers that every leader in the organisation should not forget that talent management is not just being good, sociable or friendly rather it is a skill to study. And every leader has to acquire the knowledge and learn the art of efficient talent management in the same way he or she supervise a tactical plan or marketing plan for a new product (Axelrod et.al 2001). Therefore, the issue the leaders should comprehend first is that a helpful source of talent management is not just an effective human resource processes or an improved personnel department; rather in most of the cases it occurs from the managers and leaders who have accepted a talent frame of mind willingly and enthusiastically (Axelrod et.al 2001). The cornerstone of talent mindset philosophy is that it helps business to attain competitive advantages by performing superior than competitors (Axelrod et.al 2001). This deep rooted idea gives leaders the willpower to emphasize their talent squad and the motivation to undertake gallant measures to make it happen (Axelrod et.al 2001). Moreover, leaders carrying the concept of talent state of mind designate talent management a matter high concern for themselves as well as leadership groups supervised by them (Axelrod et.al 2001). This is because they can realize that it may not be transferred; therefore, they not only dedicate a significant portion of their time and deploy their energy in supporting their talent squad but also assist others in the organisation to build up their (Axelrod et.al 2001). Talent management is considered by these leaders as an innermost and major component of their responsibilities since a leader (Axelrod et.al 2001). For instance, the former CEO of Procter & Gamble, A.G. Lafley claims that in building talent he was in the habit of spending a significant portion of his time as he believed that it would have a long term impact on P&G's enduring success (Holstein 2005).

Monitoring and overseeing diverse workforce has been gaining momentum for employers in recent past (Cox 1991). And devising tactics for supervising diverse workforce in the organisation have become a regular exercise applying different measures undertaken by leaders, human resource experts and specialist in managing diverse staffs (Trenerry and Paradies 2012). Despite the rise of literature on techniques to manage diversity, there are inadequate insights available on the usefulness of such action plan (Curtis & Dreachslin 2008; Kalev, Dobbin, & Kelly 2006). Yet one of the usual tasks performed to manage diversity namely 'diversity training' lacks adequate proof of its fruitfulness (Beach et al. 2006; Shapiro 2002). It has also been revealed in the literature that diversity training may not be able to make a positive impact if it is implemented without the support of organisational policy and effective leadership (Paradies, et al., 2009). Therefore, the role of manager needs to be transformed into a leader or instructor that highlights more in helping potential talent to progress their skills and inspiration (Mujtaba and Sungkhawan 2009). Situational leadership has been found more effective in leading diverse talent if it is synchronised with a training model and useful one to one discussion and learning framework (Mujtaba and Sungkhawan 2009). Mujtaba and Sungkhawan (2009) suggest that managers must be cautious about their leading style and adjust properly to response the readiness of the potential talent as well as need to conscious about their own behaviour and personality while interacting. In this regard, Mujtaba and Sungkhawan (2009) recommend four types of key competencies a leader should

posses to manage a diverse talent including organizing ability, persuading skills, intellectuality and inspiring outlook.

5. Conclusion

Talent management theories have been based on the philosophy that recognising and nurturing the talents of the employees would bring long run competitive return for the organisation (Scullion et al. 2010). Therefore, to enhance the performance of business talent management has been increasingly connected and collaborated with human resource management within the organization (Farndale, Scullion, & Sparrow 2010). High performance organisations all around the world have inherited and applied talent management tactics in their organizations. And based on the above discussion it appears that regardless of the size, an organization can be benefited from talent management domain integrated with key HRM concepts. As a key strategy of talent management it has been noticed that technological innovation can make a radical change in the organization as employee also developed the capacity within them to custom the innovation. Rather than looking for talent for the vacant positions, the finest talent are now selected for the organisation and then placed them to suitable jobs. Moreover, developing human resource management architecture has also been adopted as critical tactics for managing talent as differences in contributions can solve the situational problems efficiently. Besides, pooling and managing a diverse force of talent is seen an effective strategy as it can bring a range of ideas and productive outcome for the organization. However, to achieve the desire state and implement these strategies organisational leaders and managers need to play a significant role. The leader should posses and carry talent management framework in their minds as this viewpoint would energize them which can be transferred to the potential talents of the organization. This is significantly important when the employee feel that they have been under monitoring and need psychological support. Thus, the leaders need to understand the specific needs of every talent and address those by changing the characteristics as well as personalities within them. In this regard situational leadership has been found more effective if it is guided by a proper framework of motivation and developmental program. Some of the skills that leaders would require are like the ability to organize, peruse and inspire a diverse workforce.

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