EFFECTIVE TALENT MANAGEMENT: KEY TO ORGANISATIONAL SUCCESS

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Abstract

Today's global economy has created a more complex and dynamic business environment in which most organizations must learn to compete effectively to achieve success and sustainable growth. Workforces around the world have become larger, increasingly diverse, more educated, and more mobile. There is considerable evidence that organizations worldwide face formidable talent challenges. The ability to attract, develop, and retain a needed supply of critical talent is a challenge facing all organizations. The study examines the effect of talent management on organizational success. It adopts human capital theory. In this article we review different academic work on talent management. The study highlights the restraining factors influencing the practice of talent management, global talent management and talent development process. In conclusion effective talent management is the key for organizations success and sustainable growth as it allows organizations to retain top talent while increasing productivity. It was recommended that to make sure employees with the right skills stick with the organizations for long enough. It is important that talent management system should be integrated across all aspects of human resource management.

KEYWORD: Talent Management, Organization Success, Global Talent Management

INTRODUCTION:

In a competitive marketplace, talent management is a primary the key for organizational success. One of the challenges in workforce management is creating or maintaining organizations' ability to compete for talent. Talent management is complex and influenced by external factors such as the economy, global expansion, mergers and acquisitions. Talent management is a key component to business success in the current economy as it allows organizations to retain top talent while increasing productivity.
The concept of talent management as a process of ensuring that the organization has the talented people it requires only emerged in the late 1990s. It has now been recognized as a major resourcing activity (Armstrong 2009). The development and implementation of a talent management strategy requires high-quality management and leadership from the top and from senior managers and the HR function as suggested by Younger et al. (2007).

Critical success factors for effective talent management include alignment with strategic goals and Human Resource management. The first step in talent management is to gain a solid understanding of the internal workforce. It may surprise many Human Resource practitioners that the problem of ensuring an adequate flow of talent into positions while optimizing organizational resources has long been a topic of interest to researchers in industrial engineering and industrial management. Commonly known as “manpower” or “workforce” planning, these approaches generally involve modeling organizational staffing/career flows by coding levels of hierarchy, rules for entering and exiting a position, and parameters such as costs, anticipated tenure, and supply and demand (Pegels, 1981, Stahlman and Lewis, 1994 and Wild and Schneeweiss, 1993). Pfeffer (2001) argued that an exclusive focus on the external recruitment and retention of “high talent” senior executives could have unintended negative organizational consequences. These he identified as including increased internal competition thus undermining teamwork; the undervaluing of existing employees leading to increased turnover; the creation of a self-fulfilling prophecy of declining competence, whereby training and development resources are redirected from struggling employees to those most able; a focus on bringing in new talent instead of fixing cultural and other systemic issues that serve as barriers to employee performance; and the development of a culture of organizational arrogance or invincibility, potentially leading to poor decision making. According to SHRM’s 2006 Talent Management Survey Report, 53% of organizations have specific talent management initiatives in place. Of these companies, 76% consider talent management a top priority. In addition, 85% of HR professionals in these companies work directly with management to implement talent management strategies. There is considerable evidence that organizations worldwide face formidable talent challenges. The ability to attract, develop, and retain a needed supply of critical talent is a challenge facing all organizations (Coy and Ewing, 2007). Boudreau and Ramstad, 2007, Boudreau and Ramstad, 2005, Cappelli, 2008a, Cappelli, 2008b, Collings and Mellahi, 2009 and Lewis and Heckman, 2006) also suggests that organizations face greater competition for talent worldwide and face challenging times in attracting, retaining, and developing people they need. So even though there is currently a global economic slowdown, there are major structural conditions in place to ensure that competition for talent worldwide will continue to be a significant challenge.

Organizations, industries and companies lack skills and talent with which to compete in the global marketplace. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage, this affect the quality of services delivered by the organizations. The study examines the effect of talent management on organizational success.
CONCEPTUAL REVIEW

Talent management” has no clear meaning. It is used in too many ways and is often a means to highlight the “strategic” importance of a HR specialty (recruiting, selection, development, etc.) Lewis and Heckman (2006) conducted an extensive and critical review of the talent management literature both in the professional and academic press and found a “disturbing lack of clarity” concerning its definition. Talent was defined as “individuals who have the capability to make a significant difference to the current and future performance of the company” (Morton, 2004). Talent management” as “a mindset” (Creelman, 2004); a key component to effective succession planning (Cheloha & Swain, 2005); and, an attempt to ensure that “everyone at all levels works to the top of their potential” (Redford, 2005). Talent management is managing the supply, demand, and flow of talent through the human capital engine (Pascal, 2004). Talent management as a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection, development, and career and succession management (Byham, 2001, Chowanec and Newstrom, 1991, Heinen and O’Neill, 2004, Hilton, 2000, Mercer, 2005 and Olsen, 2000).

Many advocates view TM primarily on sub-disciplines or specialist areas within Human Resource to narrow the definition of TM. For instance, recruiters have a tendency to discuss talent management in terms of sourcing the best candidates possible (talent management plan, 2004 and Sullivan, 2005), training and development advocates encourage “growing talent” through the use of training/leader development programs (Cohn, Khurana, & Reeves, 2005), compensation experts tend to emphasize the use of compensation and performance management processes (Garger, 1999), while leadership-focused writers stress succession planning and leader development (Conger & Fulmer, 2003). Regardless of the breadth of their point of view, or lack thereof, these authors replace the traditional term “Human Resources” with “Talent Management”. Another view on talent management focuses primarily on the concept of talent pools. TM, to these authors, is a set of processes designed to ensure an adequate flow of employees into jobs throughout the organization (Kesler, 2002, Pascal, 2004 and the changing face of talent management, 2003). Therefore TM has to do with soughing and hiring highly competent performers who will work towards accomplishment of the organization goals. There is considerable evidence that shows organization worldwide are having difficulty finding the right talent(Jeff Schwartz, 2011; Kavanagh, 2010; Kazmin, Pearson, Robinson, & Weitzman, 2011; Meisinger, 2008; Michaels, et al., 2001; Payne, 2008; Sridharan, 2007)

Talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Lockwood 2006).

THEORETICAL FRAMEWORK

The study is anchored on human capital theory by (Becker 1964). This theory views human capital as a form of resource that organizations can invest in and is of value to the organization to the extent that it makes the organization productive (Kessler & Lülfesmann, 2006; Lepak & Snell, 1999; Nafukho, et al., 2004; Strober, 1990). This theory can assist future scholars in examining how organizations and individuals make decisions regarding investments in human
capital (Tarique & Schuler 2010). In addition, investments related to attracting, developing, and mobilizing talent can be viewed as investments in the human capital of the firm. Human capital theory can also be used to understand the decisions organizations make about how to staff their ‘A’ positions (Tarique & Schuler 2010).

REVIEW OF LITERATURE
Seven key to effective talent management according to Dell, & Hickey, (2002), Lockwood (2006) includes develop an integrated proactive talent management strategy, Balance grassroots involvement in talent attraction and retention with management accountability, company’s business environment, plans the competitive climate, Know what factors contribute to difficulties in attraction and retention, Keep various retention factors in balance, Track turnover, Market the company and its brand to current employees as vigorously as to the outside talent pool. Lewis and Heckman (2006) conducted an extensive and critical review of the talent management literature both in the professional and academic press and found a “disturbing lack of clarity” concerning its definition. They did, however, identify three primary conceptions of the term. The first is that talent management is comprised of “a collection of typical human resource department practices…such as recruiting, selection, development and career and succession management”. From this perspective, they argued that talent management may be little more than a trendy term or euphemism for HRM. However, they also suggested that talent management may additionally imply a systems approach to carrying out these functions; one that involves technology (e.g. the internet or software) and takes place at the level of the whole enterprise. Lewis and Heckman (2006,) conclude that talent management “is not well grounded in research, not distinct from traditional HR practices or disciplines, and is supported mainly be anecdote”. In response to this conclusion they advocate research that more rigorously and directly explores the link between various talent management or HRM practices and organizational outcomes as well the adoption of a strategic orientation. Apart from the benefits that are implicit in the preceding discussion, talent management is important for at least two primary reasons. The first is that effective talent management ensures that organizations can successfully acquire and retain essential talent. The second has to do with the extent to which these employees are engaged. According to Morton (2005) “Talent management is integral to engaging employees in the organization”. The ability to effectively address both of these issues has become a primary determinant of organizational success and in some cases, even survival. According to Deloitte (2005), A recent survey of 1,396 human resource practitioners from over 60 different countries, found that the ability to attract and retain new talent were perceived as being the two most critical people management issues facing their organizations today. A total of 74 percent of respondents reported a moderate or high shortage (or anticipated shortage) in salaried staff and 53 percent reported a moderate or high shortage (or anticipated shortage) in hourly staff. Similarly, a 2004 survey of 539 CEOs by the Conference Board (Rudis, 2004, as cited in Morton, 2005) ranked the “availability of talented managers/executives” sixth amongst their top ten challenges “of greatest concern”. The Deloitte (2005) report states that “the number of 15-29 year olds entering the job market is steadily contracting, while the population in both developed and developing countries are ageing”. This they suggest will create a “chronic labour shortage across all geographic and vertical markets. Vaiman & Holder (2011) in their research
on talent management in the public sector noted that although there was no doubt that talent management plays a greater role within public services, there was however little research and few guidelines on how government in practice can implement effective talent management.

In today’s rapidly moving, dynamic, uncertain and highly competitive global markets, firms worldwide are facing major decisions and challenges in global talent management (Schuler, Jackson & Tarique, 2011; Scullion et al., 2010; Tariq & Schuler, 2010). For organizations across the globe, talent management of knowledge workers and high potentials is of increasing strategic importance (Tymon et al., 2010; Vaiman, 2010). Gupta (2006) indicate that in the era, where global business is talk of town, every employer has to be ready for meeting the future business demands, which can be efficiently handled through talent management. Talent management is gaining popularity as a significant predictor of employee and business performance.

RESTRAINING FACTORS INFLUENCING THE PRACTICE OF TALENT MANAGEMENT

Despite the importance and benefits of talent management, and the extent to which talent management are being promoted in practitioner publications, it is questionable to what extent these ideas are actually being practiced. For example, in (Moses, 2008) it was reported that “Many senior HR leaders and recruiters agreed that older workers are being treated like second-class citizens and rue the waste of what they have to contribute, including organizational knowledge and the ability to mentor younger workers”. In addition, citing the views of an organizational consultant, Moses (2008) argued that the lot of middle managers is not much better; “I see middle managers struggle with delivery expectations without the authority or information or budget to make that happen. Very competent people are becoming burned out and overwhelmed because they can't do what they need to do to deliver…They aren't being stretched, they're being traumatized”.

Morton (2004) identified several “external” factors that can serve as restraining forces influencing the practice of talent management. These include the economy, mergers and acquisitions, and global expansion plans. The implications of the economy for talent management are likely self-evident, given its obvious effect on the supply and demand for human resources. Mergers and acquisitions can also have a profound effect, resulting in “additional employees at all levels, more high potentials vying for a limited number of senior management positions, greater diversity, and new cultural implications” (Morton, 2004). Global expansion plans have implications for cultural diversity, international job placements, and the need to understand and work effectively with local workforces.

Internal factors can also serve as restraints. Arguably one of the most significant internal factors influencing talent management practice is its definition (Hughes & Rog 2011). Whether or not it is perceived as being synonymous with HRM practices or workforce planning, the extent to which it is associated with technology and enterprise level systems automation, and whether it is focused on all employees or just a few, will clearly have a profound effect on its implementation. Given the lack of direction in the literature, developing a clear definition of what talent management means within any one organization, along with what it is meant to achieve, is an important first step.
GLOBAL TALENT MANAGEMENT
Global competition for skilled workers is keen; worldwide, many employers are experiencing a talent shortage. A survey of nearly 33,000 employers in 23 countries reveals that 40% are struggling to locate qualified candidates (Schuler & Tarique 2010). A major topic that has emerged in international human resources management (IHRM) in recent years is the importance of maximizing the talent of individual employees as a unique source of competitive advantage (Scullion & Collings, 2006) – managing global talent effectively has become an important area for future research (Budhwar et al., 2009 and Stahl et al., 2007). For example, Roberts, Kossek, and Ozeki (1998) identified major global talent management (GTM) challenges in the context of IHRM as: (1) easily getting the right skills in the right numbers to where they are needed; (2) spreading up-to-date knowledge and practices throughout the MNE regardless of where they originate; and (3) identifying and developing talent on a global basis. Similarly, Scullion and Collings (2006) noted that multinational enterprises (MNEs) are facing severe challenges in attracting, retaining, and developing the necessary managerial talent for their global operations. Several others (Stephenson & Pandit, 2008) have suggested that having the right number of people at the right place at the right time with the right skill sets and levels of motivation are fundamental to talent management. Effective GTM can improve the effectiveness of the MNE, the most immediate and significant impact of GTM is on the employees and the organization itself.

One of the major topics of research in global talent management has been around the notion of talent shortages (Manpower Group Talent Shortage Survey 2011), and the implications of talent shortages on the practice of human resource management in multinational organizations (Collings & Mellahi, 2009; Farndale, Scullion, & Sparrow, 2010; Scullion, et al., 2010; Stahl et al., 2012; Vaiman, et al., 2012). Ironically the topic of global talent management is prevalent in times of economic prosperity as well as in times of economic uncertainty and economic and financial recession (Tarique & Schuler, 2010). There is considerable evidence that shows even in recent poor economic conditions organizations worldwide are having difficulty managing talent across a wide range of positions (McCauley & Wakefield, 2006).

TALENT DEVELOPMENT PROCESS
The talent development process can be defined in different ways but it is the process that includes four broad areas (Garavan & Carbery, 2012):

- Identification (who to develop?);
- Design (what competencies to develop, at what speed, and for how long?);
- Evaluation (what analytical tools to use to measure effectiveness?); and,
- Organizational Support (what support can top management provide?).

It is important to note that in multinational organizations this process varies with each organization but has to be aligned with the goals of the organization such as promoting diversity (Stewart & Harte, 2010) and cross-cultural competencies (Johnson, Lenartowicz, & Apud, 2006). However, a large number of companies use an adhoc approach to developing talent (McDonnell, Lamare, Gunnigle, & Lavelle, 2010).
An important outcome of talent development process is the development of cross-cultural competencies needed in most international jobs. These competencies can be conceptualized into stable and dynamic competencies (Johnson, et al., 2006; Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006). Dynamic competencies refer to knowledge and skills that are acquired through learning experiences, e.g., training and international travel and can change over time (Leiba-O'Sullivan, 1999; Peters, Greer, & Youngblood, 1997; Shaffer, et al., 2006). Stable competencies in contrast, are characteristics and abilities that are consistent over time, such as personality traits (Leiba-O'Sullivan, 1999; Peters, et al., 1997; Shaffer, et al., 2006). An example of dynamic competencies includes “International travel experiences” which research suggests is an important antecedent of dynamic competencies (Caligiuri, Tarique, & Jacobs, 2009; Chang, Yuan, & Chuang, 2012; Lee & Sukoco, 2010; Selmer, 2002) and the general belief in the international community is that having dynamic cross-cultural competencies is an important requirement for most international and domestic jobs (Crossman & Clarke, 2010).

CONCLUSION AND RECOMMENDATION
In a complex and dynamic business environment effective talent management is the key for organizations success and sustainable growth as it allows organizations to retain top talent while increasing productivity. Right talent is the greatest asset for any enterprise. In fact, one of the most important roles of HR is to make sure employees with the right skills stick with the organizations for long time. It is important that talent management system is integrated across all aspects of human resource management, this will help in recruiting and retaining essential talent that will work towards achieving organization success and sustainable growth. There are clear inter-dependencies between talent management and recruitment, development, diversity, retention and succession planning practices. Effective talent management ensures that organizations can successfully acquire and retain essential talent.

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