

ROLE OF TALENT MANAGEMENT ON ORGANIZATION PERFORMANCE - LITERATURE REVIEW

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ABSTRACT

The paper aims to focus on the role of Talent management on organization performance. Talent management functions positioning the right people in the right jobs. It ensures that the employees maximize their talents for the optimal success of the organization. Since Talent management is a new area for both public and private sector organizations, most organizations have given their priorities to acquire, develop and retain the right staff. This paper is based on a thorough literature review focusing on the concept of Talent attraction, talent retention, learning and development, career management and organization performance. The literature review was conducted by carefully studying research articles published in renowned journals. Talent management and allied variables were thoroughly discussed.

KEYWORDS: Role, Talent Management, Talent Attraction, Talent Retention, Learning and Development, Career Management, Organization Performance

INTRODUCTION

Today's business environment wedges the role human resource plays with the organizations. Human resource is playing its role as a strategic partner instead of supporting administrative tasks in the organizations because greatest assets of the organization are its people. People though belong to diverse backgrounds therefore possess diverse talents. So, this is an organization's responsibility to effectively manage the talent of its workforce to achieve business objectives. Industry is seeing many organizations are implementing integrated Talent management processes. Talent refers to the ability of learning and its expansion to face and cope with the challenges of the dynamic environment. Talent management is of core to vitality of the business to meet and exceed current as well as future business strategies and goals. Framework of talent management proactively anticipates and meets business talent demand which is necessary to successfully execute the business strategy. It insights into the business strategy, then accordingly develops as well as retains prior talent and attracting new talent to cope with the strategic needs in order to get best utilization out of tools and processes to deliver talent management solutions.

In order to acquire the competitive advantage and adjoin the business requirements, firms need to reckon, select and groom through training and developing their work force in such a way that ultimately support in achieving the organizational goals and out lays the clear career path line to the employees. Organizations must be interactive and discuss their talent management programmes strategically with their work groups. Key terms, core concepts and implementation step by step practices relating to talent management analyse and examine life cycle of talent management form acquisition of talent to its retirement. Determinants of talent management includes; talent attraction, talent retention, learning and

development and career management, each of these processes must be designed to fit the strategic requirements for the business as well as integrate with each other. To be successful the talent strategy must be aligned with the organization's business strategy. Talent management is increasingly a part of the corporate strategy for most of the organizations and one does not need to struggle in order to have access to the literature related to attracting, development and retention of talent. Corporate sector has emerged with immense importance of talent management.

LITERATURE REVIEW

Talent Attraction: The components of talent attraction are recruitment and selection, employer branding, employee value proposition and employer of choice. Recruitment and selection requires that organizations use various methods or techniques of selecting the right talent that reflects the culture and value of that particular organization (Armstrong, 2006). Employer branding includes development of an organization's image, good enough to attract employees. In order to attract the best, organizational branding is a useful strategy, the organizations that manage its corporate brands effectively, gain advantage in the highly competitive global market place. Without the good brand image, it is difficult to attract the right talents (Ana, 2009). Oehley (2007) stated that employee value proposition is characterized by the potential employee's perception of the value of an organization seeking to recruit him. The employee measures value proposition based on the challenge the job poses, work environment, training opportunities, flexibility and reputation of the organization. The recruitment of members of talent pool is the first task of talent management strategy. The talent pool is a group of employees with special traits and is source of future senior executives (Ballesteros et al, 2010).

Talent Retention: Vaiman et al (2008) define two classifications tool to suffice employee's expectation: extrinsic and intrinsic incentives. Extrinsic incentives include different sorts of monetary rewards which can satisfy employees' physiological needs, while intrinsic incentives refer to non-monetary rewards that can fulfil employees' psychological needs. Talent retention aims to take measures to encourage employees to remain in the organization for the maximum period of time. Talent turnover is harmful to a company's productivity because costs of attraction are high. Direct cost refers to turnover costs, replacement costs and transition costs, and indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale (Echols, 2007). Competitive benefits package with components such as life insurance, disability insurance and flexible hours motivates employees to commit themselves to an organization (Lockwood et al, 2006). Gomez-Mejia et al (2006) refers internal and external equity. External equity is the perceived fairness of the remuneration in comparison to how much other employees in the same kind of work are receiving in the same industry. On the other hand, internal equity refers to how an employee perceives his pay to be fair in comparison to another employee who he perceives to be in a similar position within the same organization.

Learning and Development: Talent development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned learning, in order to achieve and maintain a competitive advantage for the organization (Davis et al, 2007). CIPD (2010) study on learning and talent development results indicated that in-house development programmes at 56% and coaching by line managers at 51% ranked among the top effective learning and development practices. E-learning was also identified as key in learning and development. Moreover the study found that senior managers and the human resource department were tasked with ensuring that courses were delivered and overall planning of the learning process carried out effectively. This study was carried out through a survey of various organizations. The study also found that the skills the employer said they needed to focus on in order to meet

their business objectives were mainly leadership skills at 65%, frontline people management skills at 55% and business awareness at 51%. Learning and development has become an important talent management initiative in many companies around the world. For some companies, learning and development is a strategic process that minimizes leadership gaps for critical positions and provides opportunities for top talent to develop the skills necessary for future roles. With other companies, learning and development is a constant struggle, viewed as an administrative exercise rather than as a competitive advantage. Learning and development is an approach of an organization ensuring that people with the right qualifications and experience are available when needed (Zheng et al, 2001).

Career Management: According to Dargham (2013), career management consists of both formal and informal activities including employee workshops, job rotation, job enrichment and career progression ladders, for example organizationally planned programmes or developmental stage theories. Organizations may also contribute to career identity by providing abundant opportunities for self-development, opportunities for advancement and mentors. Allen (2005) found that there are several elements of career management including career development and planning which focuses on planning of employee growth and progression; career pathing which involves creating established career paths and families of jobs within a given area allowing employees have a vision of progression as well as goals and expectations; employee development consisting of programmes and initiatives; learning and development initiatives; management coaching; competitive reward systems; career centres; succession planning; performance management/feedback; and cross-functional development programmes. According to Agarwala (2007), organizational career management practices includes; performance appraisal as a basis of career planning, assessment centres, career counseling by the human resource department, formal mentoring, career workshops, retirement preparation programmes, succession planning, formal education as a part of career development and lateral moves to create cross functional experience. Kraimer et al. (2003) studied the relationship between organizational career management and perceived career support. They defined perceived career support as the employee's belief that the organization cares about his or her career needs and goals. They found that promotional opportunities and informal organizational career management activities, namely informal career discussions with a manager, participation in challenging job assignments and mentoring relationship(s) with senior colleagues, are positively related to perceived career support. Van Dam (2004) found that people who experience more organizational support have a higher employability orientation. Rhodes et al, (2002) stated that career management help can be seen as one form of perceived organizational support. Perceived organizational support has been positively related to job performance and negatively linked to withdrawal behaviours such as absenteeism and turnover. Sturgeins et al, (2002) observed that organizational career management enhances employee commitment and hence organization performance.

Talent Management and Organization Performance: Heimen et al, (2004) stressed that a machine, a business will fail to operate successfully if key elements such as processes, systems, and structure are misaligned or hindered friction between those element and like a machine, a business must be designed, operated, and maintained. These functions are performed by the talent – the human capital employed by the enterprise. Lawler (2008) stated that talent (i.e., an organization's employees), typically is the single biggest lever for driving improvements in business performance. The collective skills of the talent employed in an organization largely comprise the organization's core capabilities. An organisation's talent injects capabilities that are very difficult for competitors to benchmark and replicate. More than any other asset, talent provides the potential for long-term competitive advantage. Snell (2005) found that if a firm wants to be successful, it must invest in talent management of their workers to obtain some conditions in the company like good

business environment. Ballesteros et al, (2010) found that 73 per cent of executives in USA agrees on the positive relationship between talent management and business strategy to obtain the success of the organizations. Davis et al, (2007) found that talent management is important when the firms would like to build winning teams which will be formed by talented people. Talent-Management practices can create the most permanent competitive advantages, new technologies and innovations can be easily be replicated by competitors and generate only temporary competitive advantages. Sustained competitive advantage comes from talent management practices in other words, how the organization attracts, develops, retains, motivates, manages, and rewards its talent.

Conceptual Framework

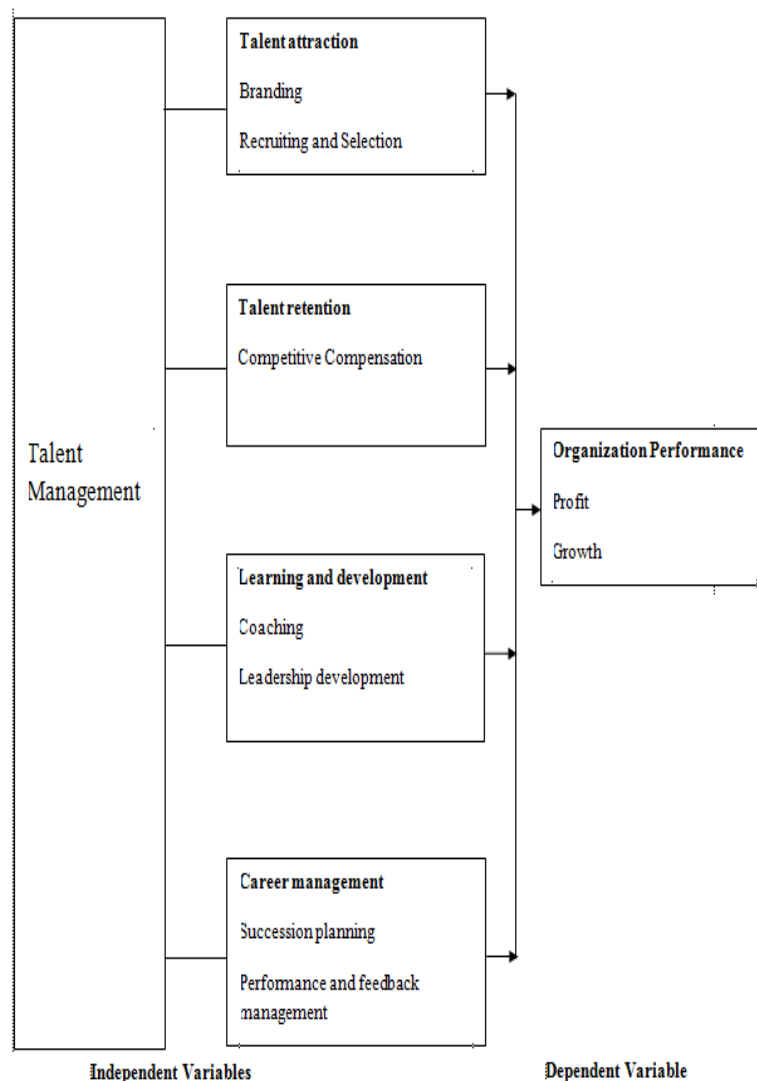


Figure 1

Talent Management Model

Optimis HCM (2011) talent management model identifies various talent management components and links them to workforce performance which eventually leads to organization performance. See Optimis HCM (2011) model below:

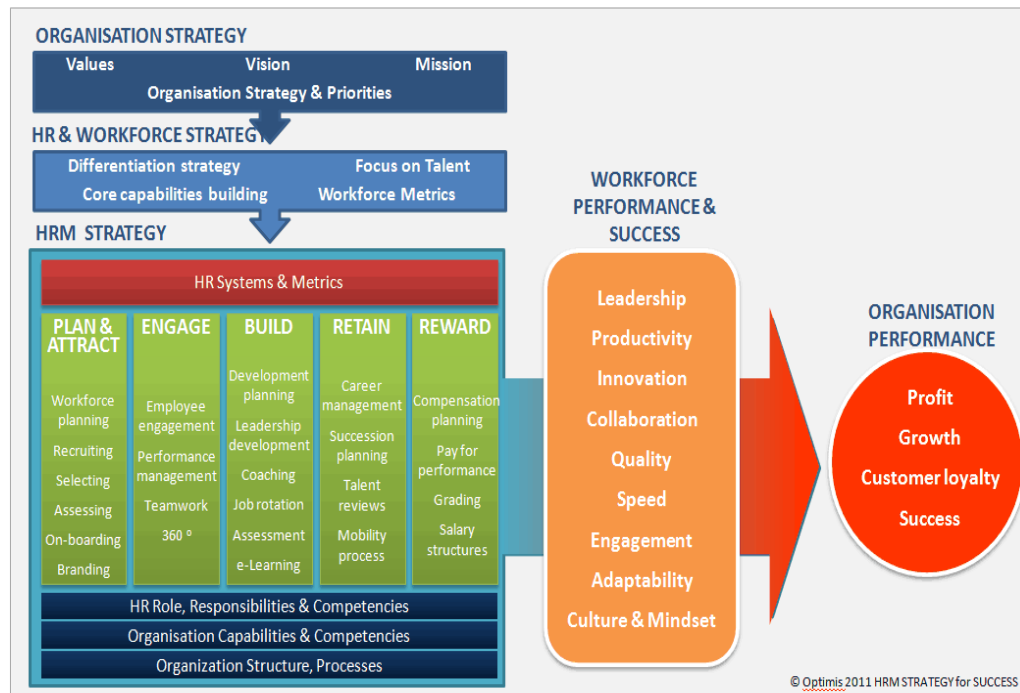


Figure 2

CONCLUSIONS

In summary, all the organizations have realized the value of managing their core talent, and have initiated new human resource practices which encourage the talent management as the top priority which responds to the change or crisis arises due to enhancements in knowledge based economic society. The major focus of talent management is on the attraction, deployment, retention, development and utilization of talent and implementation of support structures like information technology systems and performance management in the organization. Finally, researcher highlights the consequences of talent management and suggested various strategies to ensure the retention of key talent, employment engagement and organized various strategies to ensure the retention of key talent, employee engagement learning and development, career management and organization performance.

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