

Talent Management: A systematic review and its effects on competitive advantage

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Abstract:

This paper provides insight into the effects and conceptual framework of talent management, a recent system influencing personnel management in the contemporary era. The study aims to explore the importance and approaches behind adopting talent management in organizations and identifying key strategies for leveraging a competitive edge. The focus extends to understanding the role of talent management in enhancing performance levels, reducing economic costs through talent retention, and motivating individuals to align with organizational strategies. The paper emphasizes on the key aspects of talented employees to gain competitive advantage through innovation and effective decision-making. The article seeks to contribute to a deeper understanding of talent management by reviewing existing literature and exploring its connections towards increase in competitive advantage.

Introduction:

In recent times, the relatively emerging concept of talent management has gained considerable attention from researchers, as highlighted by **(Lewis and Heckman, 2006)**. Consequently, organizations find themselves compelled to differentiate among their employees based on their performance levels, as emphasized by **(Kontoghiorghes, 2016)** and **(Mensah, 2015)**.

Human capital encompasses a blend of skills, experiences, knowledge, motivation, and capabilities possessed by employees. It is imperative to understand the effective management and oversight of talented employees, investing in their skills, experiences, and knowledge to enhance organizational productivity and performance, as underscored by **(Burbach and Royle, 2010)** and **(Máté et al., 2016)**.

Talent Management comprises a collection of strategies and systems designed to enhance productivity through the creation of refined processes for attracting, nurturing, retaining, and effectively deploying individuals possessing the necessary skills and aptitude to address both present and future business requirements. It guarantees that organizations have the right individuals with the appropriate skills in the correct positions to align with the business

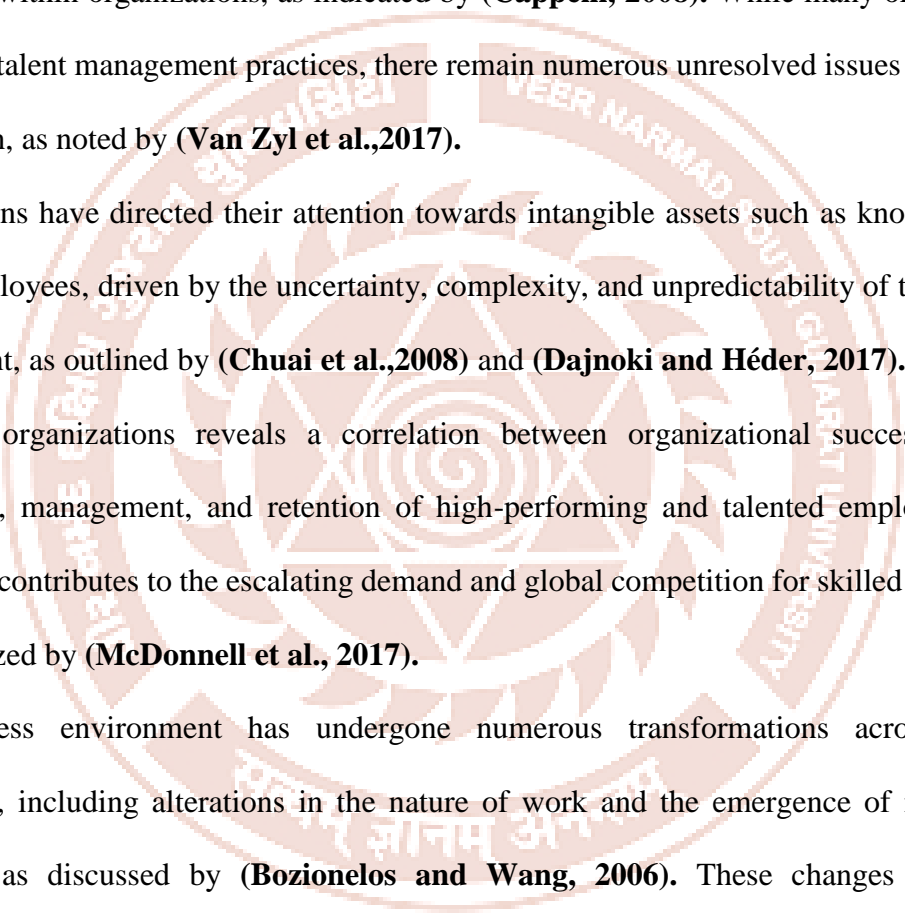
strategy. Essentially, talent management encompasses a comprehensive set of processes aimed at identifying and managing individuals to ensure the success of the business strategy adopted by the organization, as outlined by **(Ballesteros, 2010)**.

Many successful enterprises acknowledged that optimal talent management practices are intricately linked with an organization's culture and strategy, as highlighted by **(Gamama et al., 2018)**. The contemporary business landscape witnesses a significant need for skilled employees within organizations, as indicated by **(Cappelli, 2008)**. While many organisations implement talent management practices, there remain numerous unresolved issues that require clarification, as noted by **(Van Zyl et al., 2017)**.

Organisations have directed their attention towards intangible assets such as knowledge and skilled employees, driven by the uncertainty, complexity, and unpredictability of the business environment, as outlined by **(Chuai et al., 2008)** and **(Dajnoki and Héder, 2017)**. Examining successful organizations reveals a correlation between organizational success and the recruitment, management, and retention of high-performing and talented employees. This correlation contributes to the escalating demand and global competition for skilled employees, as emphasized by **(McDonnell et al., 2017)**.

The business environment has undergone numerous transformations across various dimensions, including alterations in the nature of work and the emergence of novel work structures, as discussed by **(Bozionelos and Wang, 2006)**. These changes stem from advancements in knowledge, innovative skills, and heightened competition among firms, as highlighted by **(Garrow and Hirsh, 2008)**.

Talent, being the fundamental aspect of the organization, plays a pivotal role in enhancing competitiveness. This study aims to elucidate how talent management influences competitive advantage, contributing to the overall success. When organizations effectively attract, develop, and keep employees, they can attain a competitive edge and foster success.



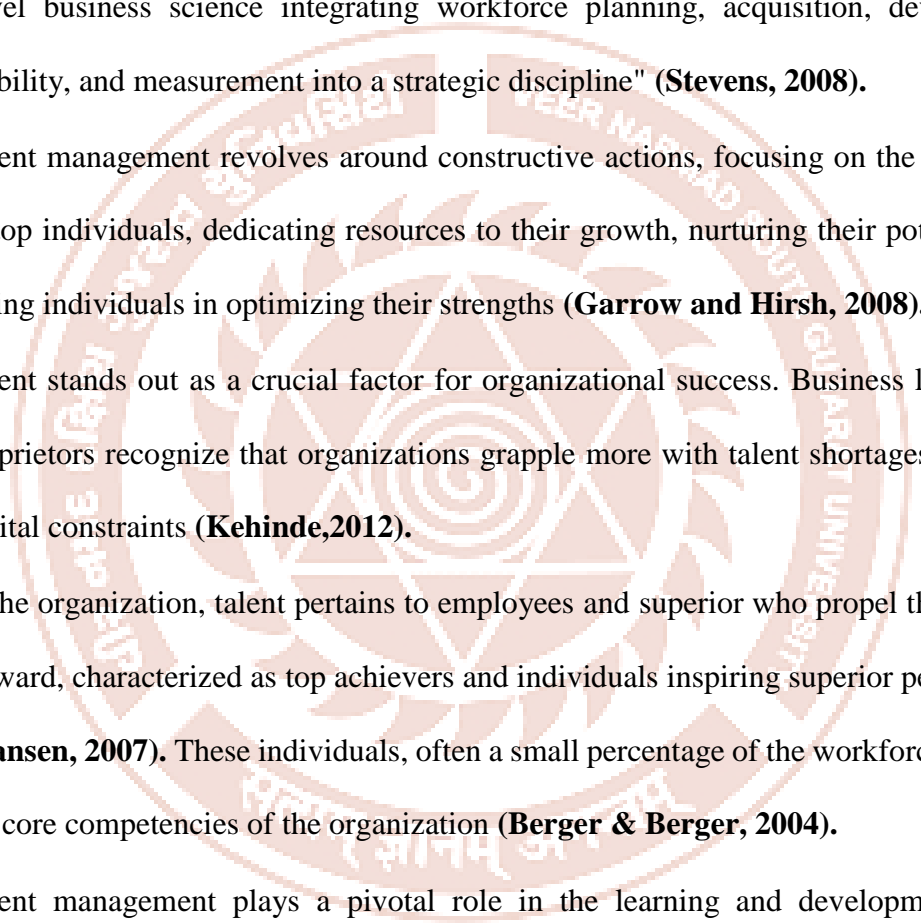
Objectives:

1. To study the notion of talent management.
2. To explain the importance of talent management and its effects on competitive advantage.

Review of literature: Top of Form

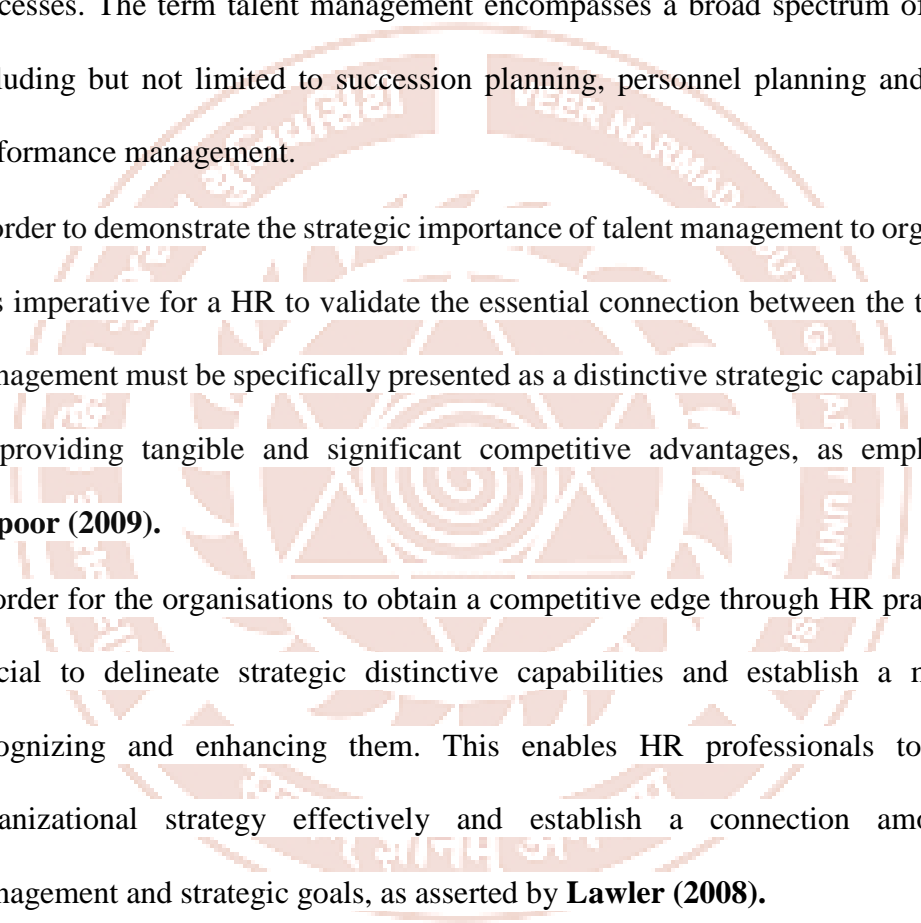
- From one viewpoint, talent management includes functions and methodologies akin to those found in human resources management, as outlined by **Mucha (2004)**. This perspective aligns talent management closely with HRM practices such as planning, training, development, and retention, as noted by **Iles et al. (2010)** and **Schiemann (2014)**. For instance, **Creelman (2004)** characterizes talent management as involving recruitment, development, and retention processes, echoing the conventional definition of HRM.
- According to the second viewpoint, organizations create talent pools comprising select individuals referred to as high-potential employees, individuals capable of significantly influencing both current and future firm performance, as discussed by **Rothwell (2011)**. These individuals can be identified through practices linked with workforce planning and development, emphasizing the organizational focus on nurturing talent, as highlighted by **McCauley and Wakefield (2006)**.
- The third perspective posits that talent management is linked to particular roles within organizations, referred to as key positions or Exclusive positions, as outlined by **Anlesinya et al. (2019)**. This approach involves identifying critical roles that require highly skilled and talented individuals, as emphasized by **Tarique and Schuler (2010)** and **Sparrow et al. (2014)**.

- Talent management seeks to address workforce planning, attract skilled employees, facilitate their development, and ensure their retention, as articulated by **Rothwell (2011)**.
- "The amalgamation of individuals' capabilities, experiences, competencies, attitudes, and behaviour, capable of contributing to organizational performance," as articulated by **Pillay et al. (2008)**. Another interpretation of talent management describes it as "a novel business science integrating workforce planning, acquisition, development, mobility, and measurement into a strategic discipline" (**Stevens, 2008**).
- Talent management revolves around constructive actions, focusing on the well-being of top individuals, dedicating resources to their growth, nurturing their potential, and aiding individuals in optimizing their strengths (**Garrow and Hirsh, 2008**).
- Talent stands out as a crucial factor for organizational success. Business leaders and proprietors recognize that organizations grapple more with talent shortages than with capital constraints (**Kehinde, 2012**).
- In the organization, talent pertains to employees and superior who propel the business forward, characterized as top achievers and individuals inspiring superior performance (**Hansen, 2007**). These individuals, often a small percentage of the workforce, embody the core competencies of the organization (**Berger & Berger, 2004**).
- Talent management plays a pivotal role in the learning and development of the organization, influencing processes related to technology, resource allocation, and performance measurement (**Mary, Enyinna & Ezinne, 2015**). However, it is noted by **Kehinde (2012)** that many organizations face challenges with their talent management systems due to insufficient planning, ineffective management policies, and inadequate processes and programs. Effective strategies, as outlined by **Mary et al. (2015)**, have a positive impact on the identification, acquisition, and retention of talented employees,



contributing to a competitive advantage. To achieve competitive advantage and sustained performance, aligning all organizational departments with overall performance goals and enhancing their functional capacity is essential.

- **Besin (2008)** characterizes talent management as a collection of organizational strategies crafted to draw in, nurture, inspire, and retain key individuals. It involves a systematic perspective necessitating dynamic interactions among various functions and processes. The term talent management encompasses a broad spectrum of activities, including but not limited to succession planning, personnel planning and employee performance management.
- In order to demonstrate the strategic importance of talent management to organizations, it is imperative for a HR to validate the essential connection between the two. Talent management must be specifically presented as a distinctive strategic capability capable of providing tangible and significant competitive advantages, as emphasized by **Kapoor (2009)**.
- In order for the organisations to obtain a competitive edge through HR practices, it is crucial to delineate strategic distinctive capabilities and establish a method for recognizing and enhancing them. This enables HR professionals to influence organizational strategy effectively and establish a connection among talent management and strategic goals, as asserted by **Lawler (2008)**.
- Talent management leaders are focusing on five key trends: gaps in leader and manager capabilities, limited internal mobility, experimentation with generative AI, the growing importance of change management, and increasing demands to broaden the function's scope. Addressing these trends is crucial for making an impact in the coming year (**Gartner research 2024**).



Importance of Talent management:

According to **Sharma and Raval (2016)**, talent management plays a key role in attracting and recruiting potential employees because talented individuals are a strategic asset capable of creating and capturing value in the implementation of business strategies. This importance is evident in several contexts including:

1.Globalization: Talent management expands the reach of job seekers worldwide, allowing them to easily explore potential prospects worldwide.

2.Increased competition: Increased competition requires effective talent management to ensure consistency. high yield. Companies must invest considerable effort to hire, train and retain the best talent in their field.

3.Broaden knowledge: Talent management becomes critical to retain people who can adapt to new technologies and rapidly evolving knowledge. In such scenarios, it combines important human resources and administrative initiatives. Organizations using a talent management approach usually focus on coordinating and integrating the following aspects:

a. Recruitment: Ensure that the right people are attracted to the organization at the right time.

b. Retention: Implementing and developing practices that reward and support employees.

c. Employee development: Ensuring continuous informal and formal learning and development processes.

d. Management and the development of high-potential employees: Provide specific development programs for current and future managers.

e. Governance Management: Establishing processes to improve and sustain performance, including feedback and measurement.

f. Workforce Planning: Ensuring business and general change plans cover both current and future skills gaps.

g. Culture: Promote a positive, progressive and efficient way of working.

Talent management process:

- **Talent Discovery:**

Identifying right candidates for a job commences with a strategic analysis of talent needs. This includes assessing if the necessary talent exists internally and understanding the present and future talent requirements. Job analysis is essential in staffing operations, serving as the foundation for assessment interventions. Recruitment, pre-screening and pre-employment testing help pinpoint individuals who can fill talent gaps. In the context of the discovery dimension, assessment interventions such as job analysis, recruitment/pre-screening, pre-employment testing, and promotional evaluation, and opportunities such as reinforcing job-relevant group norms and providing career development are important (Newhouse et al.) 2004. According to the researcher, talent discovery involves the process of assessing employees' strengths and weaknesses to identify existing talents and predict future talent needs.

- **Talent Recruitment:**

In order to attract and select the right talents, companies must do this process, different techniques should be used. Building a talent pool is the first step in talent management and forms a group of potential leaders who will lead the company to competitive performance. Recruiting and selecting talented people is key to maintaining the company's performance. Competence pools can be formed internally, using existing employees who are familiar with the company's culture, or externally to introduce cultural change and innovation. Employer branding, which involves creating an attractive corporate image, is essential to attracting the right talent (Ana, 2009). In the scholar's view, talent recruitment involves attracting and selecting talent from both internal and external sources.

- **Talent Development:**

In today's dynamic business environment, learning and development are prerequisites for success. Competency development focuses on the development of skills and attitudes of employees, recognizing that continuous learning is a prerequisite for continuous work performance. As the business environment is constantly evolving, development strategies must be aligned with the integration and strategic fit of current talent and employee skills (Mendez and Stander, 2011). According to the researcher, talent development is a process in which talented employees are helped to acquire the skills and knowledge necessary to improve success and efficiency.

Approaches to talent management:

Unlike Koranteng et al. (2014) talent management can be classified into three different approaches:

1. **Humanistic Approach:** This perspective acknowledges that every staff member possesses some form of talent, viewing all employees as inherently talented. The key characteristic of this approach is the belief that talent is something that can be nurtured and developed over time, rather than an inherent trait. Organizations embracing the humanistic approach prioritize the cultivation of talent, offering opportunities to all employees irrespective of their professional background.
2. **Competitive Approach:** Unlike the inclusive nature of the humanistic approach, the competitive approach recognizes that only certain employees possess the expertise that differentiates them as talented individuals. It is an approach that identifies employees exhibiting outstanding potential. In this approach, emphasis is placed on recruiting individuals with existing talent rather than fostering it internally.
3. **Entrepreneurial Approach:** The entrepreneurial approach focuses on employees' aspirations and performance rather than just their inherent abilities in defining talent. This approach provides opportunities for talented individuals to showcase their capabilities, acknowledging a broader view of talent. It asserts that while not all

employees may be inherently talented, they have the capability to develop such talent. The practices associated with this approach stem from the belief that talent evolves through practical experience rather than structured plans.

Research methodology:

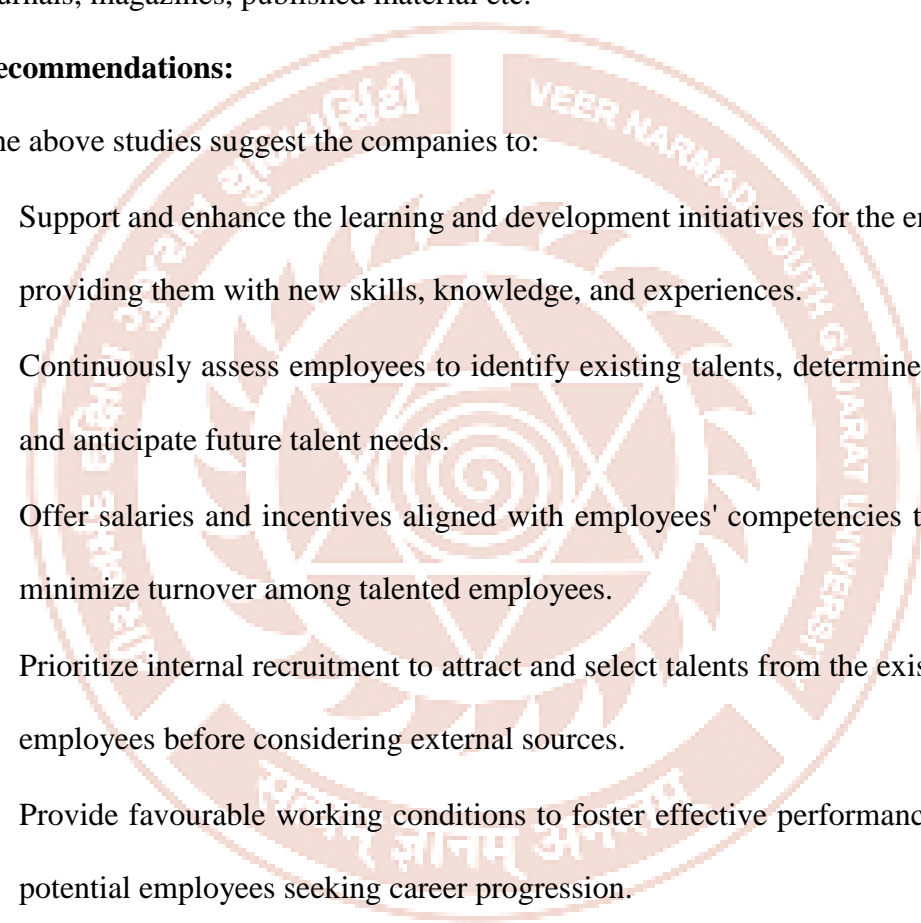
Research Design: The present research paper is descriptive research.

Source of data: It is based on available secondary sources of data such as books, journals, magazines, published material etc.

Recommendations:

The above studies suggest the companies to:

- Support and enhance the learning and development initiatives for the employees by providing them with new skills, knowledge, and experiences.
- Continuously assess employees to identify existing talents, determine talent gaps, and anticipate future talent needs.
- Offer salaries and incentives aligned with employees' competencies to retain and minimize turnover among talented employees.
- Prioritize internal recruitment to attract and select talents from the existing pool of employees before considering external sources.
- Provide favourable working conditions to foster effective performance, attracting potential employees seeking career progression.
- Implement various plans for employee retention within the organization.
- Incorporate career management methods such as career counselling facilities, career mentors, and career development programs, particularly in service sector firms, to enhance performance.



- Advocate for the adoption of learning and development practices, including identifying learning needs, providing coaching, and implementing development programs to improve the performance.

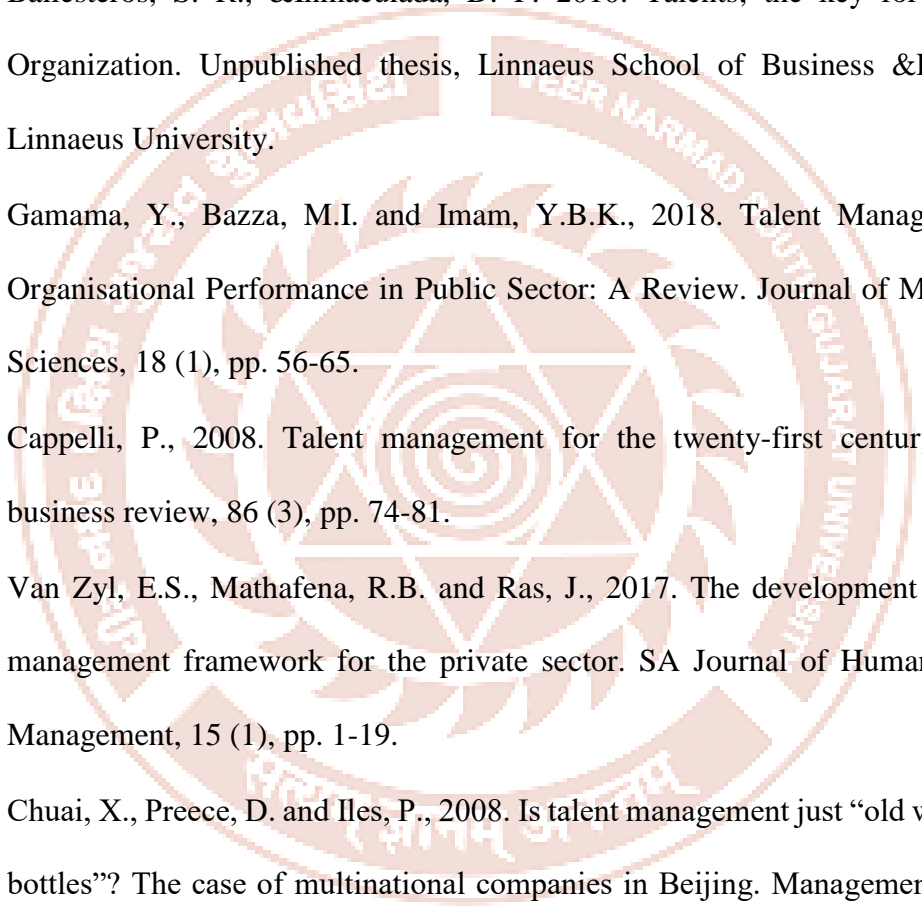
Conclusion:

Examining the substantial interest in talent management over the years, it is deemed unacceptable that the concept remains relatively ambiguous and lacks a well-established theoretical framework. This paper relies on the existing literature to present a theoretical perspective, emphasizing that the field of talent management is still in its early stages and requires considerable theoretical development. The paper contributes in two folds. Firstly, it explains the meaning of talent management and secondly it states how talent management affects the unique proposition. Therefore, it is crucial for managers to implement systematic programs aimed at developing and training talented employees. These programs should facilitate the conversion of their implicit knowledge and skills into explicit knowledge that can be shared with the entire staff.

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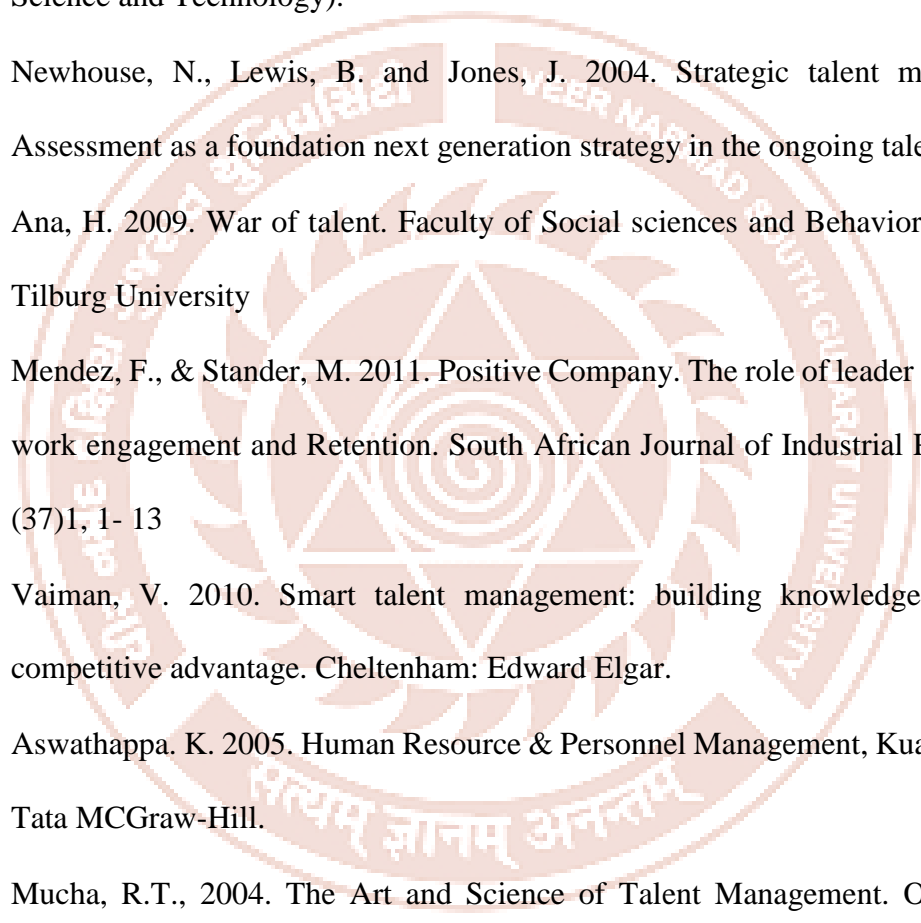
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