

Talent Management: Strategic Priority of Organizations

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ABSTRACT: Talent management concept deemed as cornerstone in human resource management studies as it covers different features of human recourses by polishing employees' skills and expertise with different methods. Banking sector is paying great attention to develop the effective mechanisms regarding talent management. The purpose of this study is to identify the strategic importance of talent management and to create a link between talent management and organizational performance. Researchers examined the role of talent management in overall organizational effectiveness. Study is descriptive and qualitative in nature. Data collected from managerial staff of banks through interviews. Results revealed that effective talent management strategies have significant and positive relationship with organizational performance. Study results also highlight that talent management also has positive and strong association with competitive advantage, performance and talent position within the banking sector. This study will provide great insight for understanding of talent management concept and its importance in banking sector. Banks can utilize these results to shape their talent management practices. Limitations, practical implications and future directions also mentioned at the end of the article.

KEYWORDS: Talent Management, Strategic Priority, Organizations.

1 INTRODUCTION

The twenty-one century is the era of technology and globalization, companies are no more working in isolation and large scale technology sharing can easily observed. Hence, business leaders' start promoting such resources as human capital which can give them competitive advantage against competitor. Companies have now access to new technological developments with right kind of resources. The only thing that differentiates one company from the other company is utilization of human intellect. Organization's performance and competitive advantage depends on intellectual employees. It is becoming inevitable for organizations to address this issue and to develop proper strategy [1]. However, the walk on this road does not turn out very easy due to the fact that human resource is available but skilled human resource is scarcely found. Hence, the scarcity of competent employees leads organizations to develop strategic schemes. This can be used to fill the gap of talented human resource within organization. In this era companies are facing the war of talent.

The idea of talent management starts taking its root in 1980s. Organizations were filtering out the best human resource from the rest. That era was considered as having more control over individuals and their career planning but that was changed after 1990s. That time employees were given the responsibility of their career planning. While after 2000, companies start talking the control of employee career development by giving them opportunity [2]. Watkins [3] coined the term talent management which indicates the importance of managing employee for the organizations. Companies are making it their strategic priority to recruit, retain and develop employees. Talent management is about analyzing the need of skilled employee and developing strategies to meet that need [4]. It improves their performance and financial position in the industry and accelerates organizational success. In 1990's a research was done by McKinsey group who recognize employees

as irreplaceable assets and devise the term “War for Talent” [5]. However, in 1997, a serious question had aroused about skilled workforce and companies realization about that issue. Joshi and Rain [3] found out that talent management practices are important for organizational performance and assists business leaders in making a proper strategy about retention that helps the organization to ensure that skilled employees are working at the right place. Makela *et al.* [6] indicated that there is a dearth of skilled employees which is now creating alarming situation in organizations. Managers need to enhance their ability to translate the business needs into talent strategies for the better performance of organization [7]. In 21st century, change is the only constant factor which makes talent management the only answer of organizations woes. Companies are facing the acute dearth of talented people. This era requires competitive strategies build with the help of intellectual capital. It will help the companies to better perform than their rivals. In this scenario retention, engagement and attraction of the competent employee is a crucial factor. Talent management plays an important role in this regard by placing the competent employees according to their job ability. The purpose of this study is to determine that organizations ability to attract, retain and engage key employees. This ultimately leads an organization in the betterment of its performance and gives it a competitive advantage. The research [8] has proved that to attract, retain and engage employees are the key issues banks are facing these days.

In global as well as local scenario's, banks are paying great attention to gain competitive advantage through talented employees. They are introducing different innovative tactics to enhance their employees' capabilities. In response to these existing problems importance of talent management motivated us to conduct study on this stream of line. The purpose of this study is to identify the strategic importance of talent management and to create a link between talent management and organizational performance. Study is descriptive and qualitative in nature. Data collected from managerial staff of banks through interviews. This study will provide insight of talent management concept and its importance in banking sector. Banks can utilize these results to shape their talent management practices.

2 OBJECTIVES OF STUDY

Current study has following objectives.

- To identify the strategic importance of talent management.
- To understand the role of talent management in organizational effectiveness.
- To examine the relationship among attraction, retention, engagement and talent management

3 LITERATURE REVIEW

Hale [9] studied that 86% employers faced difficulty in attracting employee and 58% came across the problem to retain their employees. Such issues motivate organizations to focus on talent issues. Rothwell [10] suggested that if organizations engage in strategic practices to retain and engage employees, it would be beneficial for the organization. Another, study Neill and Heinen [11] discussed that successful organizations always give importance to attracting, retaining and developing the talent and it also assists the organization in making the company's strategy that align the business plan with skilled employees. However, if an organization fails to utilize human capital then the result will be in the form of business decline. There are different features of talent management like recruitment, selection, on-boarding, mentoring, performance management, career development, leadership development, replacement planning, career planning, recognition and reward [11], [12]. It is suggested that the organizations who wants to achieve competitive position and to increase its productivity should adopt the approach of attraction, recruitment, retention and development of intellectual capital [13]. Some researchers [14] summed up that talent management decisions lead towards the improvement of talent in organization and enhance the quality of business design that influences the choices regarding employees. Talent management polishes employee's skills and career planning opportunities. It ensures companies that competent employees will enhance the organization's reputation and performance [15]. Holland et al. [16] emphasized that the companies can improve their performance by using resource based view (RBV) in recruitment, retention and development process and can get competitive advantage. Hughes and Rog [17] elucidated that the CEO of the company plays an important role in the effective implementation of talent management. Talent management strategy must be integrated with all levels of organization and its objectives must be clear. The people assessment system must be analytical. It must be able to ensure that people have right skills according to their jobs. Managers need to enhance their ability to translate the business need into talent strategies for the better performance of organization [7].

Talent management covers different features of human recourse as it includes growth of employee by different methods. Organizations should seriously make talent management a company's priority and a part of company's culture [18]. Attraction and retention deemed as significant key factors of talent management [19]. Blass [20] described six different

perspectives on talent management which companies consider while selecting talent management approach. In process perspective, the company believes the success of companies operations depend upon employees. Further in cultural perspective, talent management act as a part of organization culture and allows employees to grow successfully and independently. In competitive perspective, it is focused on determining employee's own strengths and weakness and to develop strategies to compete rivals successfully. In developmental perspective, it is focused on the growth of individuals. It puts right people with right kind of skills to the place where they grow and help the organization to grow. In change management perspective, employees use a way to bring change in organization. Low [21] had discussed that talent management always enables an organization to become successful and to perform better. Study found out that talent management practices integrated with the company. If company strategically implements it, it will improve their employee's skills and performance. Further, study reveals that 83% people agree that talent management practices have a relation with the management working, succession planning and compensations. 76% people claims that these practices enhance people performance in organization [1]. The companies who recognize the importance of talent management practice are able to achieve competitive position than the organizations that do not. More time is required to execute talent management process as it involves planning for talent evaluation and development , however, this approach is usually [22]. Organizations ability to retain, to engage and to develop talent determines its position in the industry. Talent management has become a success or failure factor for an organization. The successful talent management helps an organization to achieve its goals and objectives [23].

The good talent management program consists of recruitment, retention, development and promotion of talented employee and the companies with sound leaders were able to perform 13 times better than their competitor [24]. Hence, Kumar [25] recommended that the strategic use of talent management will result in better performance of the companies. A research highlighted that talent management considered strategically important in today's competitive world as companies are competing on the basis of human capital and by searching, attracting, retaining, and developing talent companies will have competitive advantage [26]. Sheehan [22] noted that attraction and development of key employees of organization resulted in optimal performance of organizations and it would sustain competitive advantage. Talent management has greatly influence the organizational performance. It enhances the productivity, profitability and output of the firm. The study also indicated that retention of the key employees plays an important role in giving companies competitive advantage [8].

3.1 ATTRACTION

Albinger and Freeman [27] study indicated that the reputation of organization is important factor in attracting key employees. It reveals that corporate social companies greatly attract new employees. The study Neal & Gebauer [28] elucidated the factors (monetary and non-monetary) which made people attracted toward a certain organization. These factors affected individual's choices concerning the work opportunity in an organization and selection of an organization. The factors like work-life balance, competitive pay and challenging work are one of the important factors to attract employees.

3.2 EMPLOYEE RETENTION

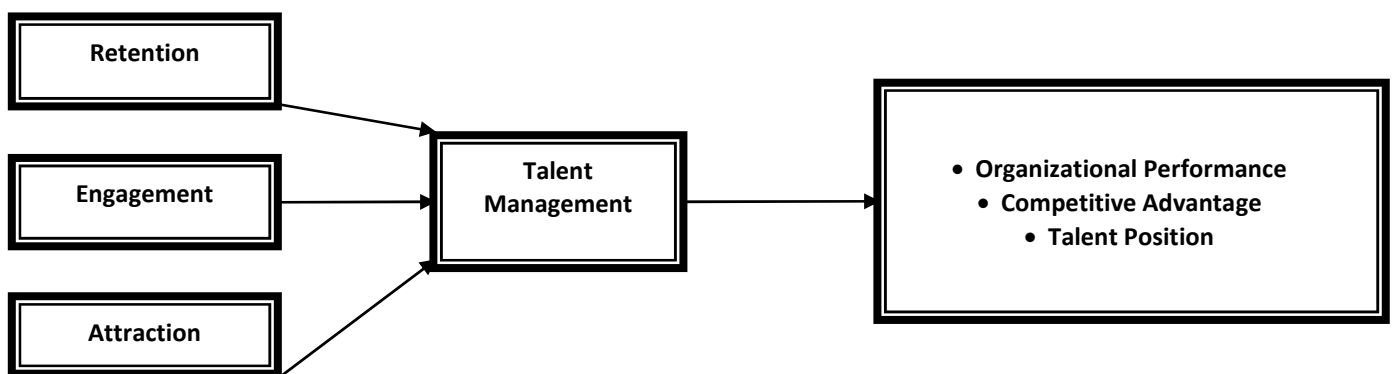
Stalcup and Pearson [29] examined that opportunities of career advancement, organization culture and work life balance reduce the rate of turnover in an organization. Retention of employees for a longer time gives an image of employer branding to any organization [30]. In any industry attraction and retention of key employees depends upon the positive and strong employer brand [31]. Neal & Gebauer [28] indicated that the culture of an organization, in discriminatory decisions, an understanding management, work-life balance and employer branding considered important forces behind the employee's retention in a particular organization. Motivational work, growing and learning environment proves to be a key to retain the talented employees. Managers play important role in this regard [32]. Investigation had done on the effects of work life balance on employee decision to retain and to leave an organization [33].

The successfully implemented talent management strategies in companies enhance the rate of retention. It deals with crucial employee issues and enhances company's competitive position. The reputation of company also improves and turns out to be a distinct and desirable employer and aids in the retention of key employees [17]. Deery [34] gave insight about the issue of employee's retention. There are different key factors that play an important role in employee's intention to stay and leave. An optimum balance between work and personal life and the culture and environment of organization plays an important role. It is important factor for management to manage employee talent. There are different drivers that influence employees to stay like culture and organization practices. Studies show that 60% of the feedback indicates culture of the company is an important factor [3].

3.3 EMPLOYEE ENGAGEMENT

According to Gibbons [35] “employee engagement is a heightened emotional and intellectual connection that an employee has for his/her job, organization, manager, or co-workers that in turn influences him/her to apply additional discretionary effort to his/her work”. After reviewing many article top 12 factor identified for employee engagement i.e. trust and integrity, nature of the job, the connection between individual and company performance, career growth opportunities, pride about the company, coworkers/team members, employee development and personal relationship with one’s manager. Talent Management strategies exhibit strong relation with employees which results in more employee engagement and lower turnover rate. Employee engagement has positive impact on retention [32]. In addition, opportunity to learn and to make contribution in decision making, customer-centric approach and fair management were the key drivers of the employee engagement. Engagement in employees found out by doing survey in various countries e.g. UK and Mexico [28]. Talent Management improves employee engagement in an organization [17]. The factors like Career planning, effective leadership, training, inspiration and innovation improve employee engagement in the organization [8].

THEATRICAL FRAMEWORK



4 METHODOLOGY

The prime purpose of this study is to identify the strategic importance of talent management and to create a link between talent management and organizational performance. Based on the study objectives and literature review, the theoretical framework deals with how to sustain talent and its effectiveness in organizational performance. Literature review provided us a space for comprehending the concept of talent management. Researchers examined the role of talent management in overall organizational effectiveness. Study is descriptive and qualitative in nature. This section of study will map out the methods which are adopted to throw a light on the research objectives of this article.

4.1 PARTICIPANTS AND PROCEDURE

Descriptive and qualitative research method is deployed. Given the nature and scope of the research, an interview method was used for investigation. Data is collected from managerial staff of different banks in an order to have the diverse opinion about talent management and to get an understanding that whether the particular framework is congruent with the thinking of managers working in banks operating in Pakistan. Open-ended interview questionnaire was used to collect the respondents’ responses. Before conducting interviews, appointments from relevant banks managers are taken. Unstructured set of questions were being asked by bank managers to probe the role of talent management in banks effectiveness. Interviewing process has been completed within one month.

5 RESULTS

Study objective is to understand the concept and role of talent management in organizational effectiveness. The link between talent management and organizational performance is identified. Data is gathered from managerial staff of different banks to have their diverse opinion about talent management. Open-ended interview questionnaires were used to collect the respondents’ responses.

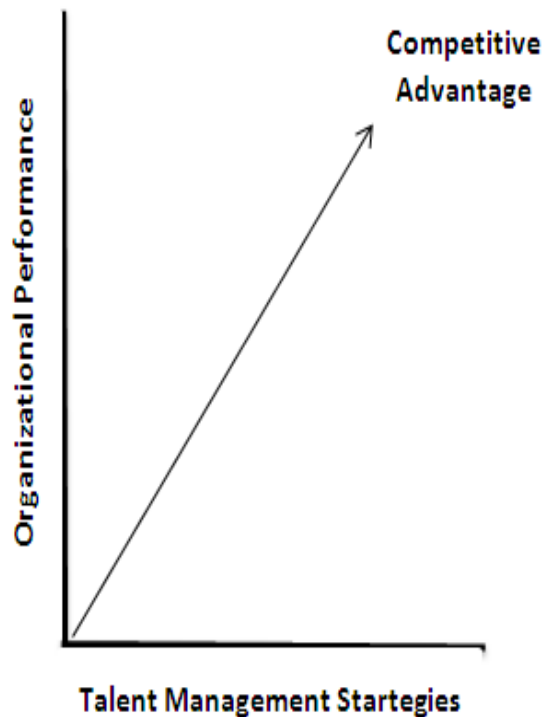


Figure 1.1

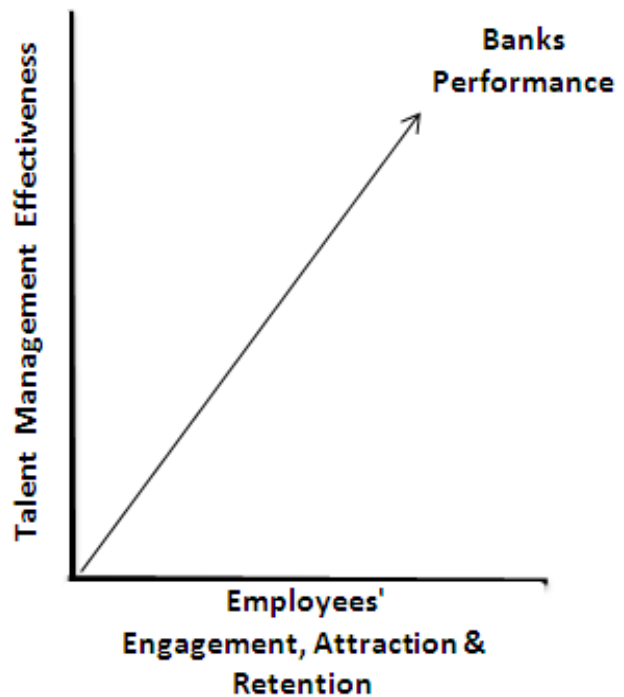


Figure 1.2

Figure 1.1 shows that effective talent management strategies play an important role to enhance the banks overall performance and due to alignment in talent management strategies and banks performance, banks can gain competitive advantage. Similarly **Figure 1.2** shows that employees' engagement, retentions and attraction play crucial role in talent management effectiveness and as a result banks performance can be improved. Results revealed that effective talent management strategies have significant and positive relationship with organizational performance. Study's results also signifies that talent management also has positive and strong association with competitive advantage, performance and talent position within the banking sector. This study will provide insight of talent management concept and its importance in banking sector. Banks can utilize these results to make, build or mend their talent management practices. Findings suggest that the practices like attraction, recruitment and engagement plays an important role while managing talent in the banks. To get benefit from the competent employees and to develop employee for the future of the banks, talent management must be taken under consideration. Different factors like work-life balance, learning environment and succession planning plays an important role in keeping employees and utilizing them for company's advantage.

6 PRACTICAL IMPLICATIONS

For better understanding of effective talent management, banks can invest time and money in making world class talent management strategies. It masters the banks in winning competent employees and improves the position of the organization. Banks can utilize these results to improve their talent management mechanisms to enhance their performance, to gain competitive edge and to make strong talent positions. Better talent management and sound strategies to attract, retention and engage may imply the following strategies.

1. Identify the talent need in the organization and develop strategies to fill the gap by attracting and utilizing the organization resources.
2. Management is in the better position to face the current workforce challenges, retention and engagement of the company's employee.
3. Improve firm reputation and performance trigger by the employee and employer relationship.
4. Create a mentor nurturing environment which treats employees as assets of organization.

7 LIMITATIONS OF THE STUDY

The study has its limits for not considering many moderating and mediating factors which may affect the research. However, this research can be further carried out by identifying any other industry in Pakistan. Being a new concept, there is limited research on this topic in Pakistan. Different sectors like hospitals, construction companies, call centers are emerging markets and are still not tasted this concept in Pakistan.

Talent management can be assess by different measures as well. There are different items which measures attraction, retention and engagement of the employee. Neal & Gebauer [28] indicate culture of organization is important for retention, work life balance is significant for attracting new employees and learning environment plays a vital role for employee engagement. Future by using different research techniques significance of variables can be measured i.e. correlation to study the association and regression to measure strength of dependent and indecent variable relationship. The effects of different moderating variable can be taking under study.

8 CONCLUSION

Workforce challenges and rapidly changing environment are the key causes that banking sector need to develop strategies about managing talent within banks. Banks can take into consideration different perspective on talent management given by Blass [20]. The practices like attraction, recruitment and engagement plays an important role while managing talent in the banks. To get benefit from the competent employees and to develop employees in banks talent management must be taken under consideration. Different factors like work-life balance, learning environment and succession planning plays an important role in keeping the employees and utilizing them for company's advantage. Effective talent management requires commitment from all stages of organization. To reshape the banks structure employee engagement is important. Organizations can well-position their place in the market by using effective workforce performance.

Talent management plays an effective role and its integration at all levels of the banks, improves performances. Hence, banks should give proper attention in attracting new employee, recruiting current employees and engaging them for the betterment of employees and companies it-self. Talent management is a relatively new concept for effective management of key employees that should be made part of company's strategy. Organizations in developing countries like Pakistan should address this issue. Being a relatively less researched area it has a wide scope and opportunity for new researcher's in Pakistan. Study results also shows that talent management also has positive and strong association with competitive advantage, performance and talent position within the banking sector. This study will provide i understanding of talent management concept and its importance in banking sector. Banks can utilize these results to shape their talent management practices. Study results supported by previous studies. Managerial staff can play its role to reshape the talent management strategies to improve banks performance. Banks can invest time and money in the development of better talent strategies. It masters the banks in competent employees and improves the position of the organization. Banks can utilize these results to improve their talent management mechanism to enhance their performance, to gain competitive edge and to make strong their talent positions.

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