TALENT MANAGEMENT LITERATURE REVIEW

Rajesh Prettypal Singh
Faculty of Economics and Business, Universitas Budi Luhur, Jakarta
e-mail: rajeshprettypal@budiluhur.ac.id

ABSTRACT

The concept of talent management has attracted most of the researchers’ attention in the recent years. In today’s business environment, talent management becomes one important source of competitive advantage that creates value for all companies. In the current economic downturn, there is a high demand for talent in the organizations. The aim of this study is to examine talent management process in organizations. This article is based on a review of the academic and popular talent management literatures. The paper focused by clarifying the definitions and the importance of talent management and what factors influencing the growth of talent management.

Keywords: talent, talent management, employee retention

INTRODUCTION

The work environment today is characterized by outsourcing, increasing mobility, looser psychological contracts between organizations and their employees, less predictable and more fluid career paths and more focus on self-directed learning (Nilsson & Ellström, 2012). From the organizations perspective, these new workplace characteristics lead to a new challenges in securing retention of the most valuable and unique employees. Organizations are striving hard to achieve success by gaining competitive advantage, and one of the most valuable resources that can help their cause is the human resource they employ. Attracting and retaining talented individuals are important issues in the workplace, and talent management is a top priority for many organizations. At its essence, talent management is purported to create value (Sparrow & Makram, 2015).

The field of talent management began to capture interest in the early 2000’s. The need for managing talent aroused as organizations were exposed to global, complex, dynamic, competitive, and volatile business environment conditions (Schuler et al., 2011). Organizations know that they must have the best talent in order to succeed in the hypercompetitive and increasingly complex global economy (Wellins et al., 2008). Talent management is not an end in itself. It is not about developing employees or creating succession plans, nor is it about achieving specific turnover rates or any other tactical outcomes. It exists to support the organization’s overall objectives, which in business essentially amount to making money (Cappelli, 2008). The aim of this article is to address by clarifying what is meant by talent, why it is important, and what factors influencing the growth of talent management.

LITERATURE REVIEW

Talent Management

Ever since 1998, when a group of McKinsey consultants coined the expression ‘war for talent’ and posited that a fundamental belief in the importance of talent is needed to achieve organizational excellence, talent management has been an increasingly popular topic (Chuai et al., 2008). It is difficult to identify the precise meaning of talent management
because of the confusion regarding the definitions, terms and many assumptions made by authors who write about talent management. The terms “talent management”, “talent strategy”, “succession management”, and “human resource planning” are often use interchangeably (Lewis & Heckman, 2006). Talent management is one of the most important and the most urgent element of human resource management in the world and it is still one of the most critical issues in many large organizations (Shafieian, 2014). To understand talent management, talented individual must be first identified. A consensus has yet to be reached on the definition of talent (Gallardo-Gallardo et al., 2013).

According to Collings & Mellahi (2009) talent refers to individuals with high potential, who have the ability and inclination to systematically develop the necessary skills and expertise to fill key roles within an organization. Talent managers are responsible for developing the talent that is required to meet the current and future needs of their organizations. Furthermore, Son et al. (2020) defined talent management as activities and process that involve systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization. Moreover, Vaiman et al. (2015) described talent management as a process that is designed to attract, develop, mobilize and retain key people. Poorhosseinzadeh & Subramaniam (2011) refers talent as the best people for the job in an organization and who would contribute most to the achievement of its strategic goals.

According to Vaiman et al. (2012) global talent management includes all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles. Hughes & Rog (2008) conclude that talent management is a multi-faceted concept that has been championed by HR practitioners, fueled by the war for talent and build on the foundations of strategic HRM. Talent management is also defined as a unique function that integrates all of the activities and responsibilities associated with the management of the talent lifecycle regardless of geography, from attracting and acquiring talent to developing and retaining it (Schiemann, 2014).

According to Baqutayan (2014), talent management is management of the people or employees themselves by retaining the right individuals, for the right positions, at the right time. Wellins et al. (2008) defined talent management as a mission critical process that ensures organizations have the quantity and quality of people in place to meet their current and future business priorities. The process covers all key aspects of an employee’s “life cycle” which covered selection, development, succession, and performance management. Narayanan et al. (2019) stated talent management is a strategic initiative of organizations to attract, develop, and retain its talented employees so as to achieve a competitive advantage. Talents are seen as unique strategic resources, central to achieved sustained competitive advantage (Dries, 2013), and organizations use talent management to capture, leverage and protect these resources (Sparrow & Makram, 2015). Talent seems to be associated with employability competence, such as generic behavioral meta-competence and personal characteristics that are more difficult to identify than hard technical qualifications (Nilsson & Ellström, 2012)

Why talent management is important?

Organizations know that they must have the best talent in order to succeed in the hypercompetitive and increasingly complex global economy. 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 primary determinant of organizational success and in some cases, even survival.

Hughes & Rog (2008) stated the benefits of an effectively implemented talent management strategy include improved employee recruitment and retention rates, and enhanced employee engagement. These outcomes in turn have been associated with improved operational and financial performance. According to Schiemann (2014) people equity can impact a variety of important organizational outcomes, including higher financial performance, greater quality, and lower employee turnover. Baquotayan (2014) concluded that talent management is of importance to employees, and should be of importance to the organization as well because it can lead to a competitive advantage to all employees.

Wellins et al. (2008) stated there is a demonstrated relationship between better talent and better business performance. Increasingly, organizations seek to quantify the return on their investment in talent. According to Kamel (2019) there is a positive relation between talent management and employee engagement, retention, value addition, and improved organizational performance. The performance of every organization depends on the performance of their employees. Collings & Mellahi (2009) concluded that organizations which apply strategic talent management systems will achieve improved performance. Hughes & Rog (2008) stated the benefits of an effectively implemented talent management strategy include improved employee recruitment and retention rates, and enhanced employee engagement. These outcomes in turn have been associated with improved operational and financial performance.

Narayanan et al. (2019) described the relationship between talent management and employee retention, illustrating the role of talent perception congruence and organizational justice. Aina & Atan (2020) concluded both learning and development and career management practices had significant and positive impacts on the sustainable organizational performance of real estate companies. Furthermore, the significance of the learning and development practices are not limited to the size of the organization, where managers should concentrate on coaching and training programs, as well as job rotation experience, in order to leverage the performance of the organization regardless of the company size.

Factors influencing the growth of talent management

Talent management has emerged in recent years as key strategic issues for MNCs. The growth of talent management is attributed to a number of factors, like talent shortages, demographics and societal trends, corporate social responsibility (CSR), diversity, the increasing mobility, permanent shift to a knowledge based economy, and growing importance of emerging markets (Vaiman et al., 2012). Furthermore, Ott et al. (2018) identified four means by which talent can be effectively improved, first, develop a solid organizational culture, second, provide applicable and dynamic training opportunities, third, foster an engaging work environment, and the last is offer clear and suitable opportunities for career advancement.

Employee retention is a key element of a talent management, as selecting and developing high quality employees are of limited value if the organization then loses their skills and expertise. A number of initiatives have been introduced to aid retention, and the most popular are increased learning and development opportunities as well as improved line management people skills (Beardwell & Thompson, 2017).
According Baqutayan (2014) talent management is not only requiring keeping the right people in the right positions, but also requires some process as psychological contracts, career paths, and talent culture. Collings & Mellahi (2009) emphasized for HR practices should be on building the motivation, commitment and development of those in the talent pool, and a shift from short term transactional psychological contract towards a more long term relational psychological contract. Furthermore Hughes & Rog (2008) stated the benefits of an effectively implemented talent management strategy include improve employee recruitment and retention rates, and enhanced employee engagement. Narayanan et al. (2019) stated the fairness regarding outcomes, procedures, and interactions in the talent management process along with conceptual congruity regarding talent status is influential in determining the effectiveness of talent management as a retention strategy.

According to Beechler & Woodward (2009), four major factors that contributed to this war of talent are worldwide global demographic and economic trends, increasing mobility, transformational changes to business environments, skills and cultures, and diversity. Taken together, all of the four factors form a rapidly changing, incredibly complex and diverse global environment for companies to attempt, to attract, develop, motivate and retain talent.

CONCLUSION

Most organizations recognize the importance of implementing talent management strategies and practices, in order to improve their performance and to create a sustainable competitive advantage that will permit them to stand out in the market. Attracting, selecting, acquiring, retaining, and developing talented workers has become crucial. This article focused on definition of talent, why talent management is important, and what factors influencing the growth of talent management. From the discussion, it can be concluded that talent management is of paramount to achieving the mission and goals of the organization. There was relationship between better talent and better business performance. It also described benefits of managing talent effectively include improved employee recruitment and retention rates, and enhanced employee engagement in the organization.

REFERENCES

Aina, R. Al, & Atan, T. (2020). The impact of implementing talent management practices on sustainable organizational performance. *Sustainability, 12*(20), 1–21. [https://doi.org/10.3390/su12208372](https://doi.org/10.3390/su12208372)

Baqutayan, S. M. S. (2014). Is talent management important? An overview of talent management and the way to optimize employee performance. *Mediterranean Journal of Social Sciences, 5*(23), 2290–2295. [https://doi.org/10.5901/mjss.2014.v5n23p2290](https://doi.org/10.5901/mjss.2014.v5n23p2290)

Beardwell, J., & Thompson, A. (2017). *Human resource management*. Pearson.

Beechler, S., & Woodward, I. C. (2009). The global “war for talent.” *Journal of International Management, 15*(3), 273–285. [https://doi.org/10.1016/j.intman.2009.01.002](https://doi.org/10.1016/j.intman.2009.01.002)

Cappelli, P. (2008). Talent management for the twenty-first century. *Harvard Business Review, 86*(3).

Chuai, X., Preece, D., & Iles, P. (2008). Is talent management just “old wine in new bottles”? The case of multinational companies in Beijing. *Management Research*
Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review, 19*(4), 304–313. https://doi.org/10.1016/j.hrmr.2009.04.001

Dries, N. (2013). The psychology of talent management: A review and research agenda. *Human Resource Management Review, 23*(4), 272–285. https://doi.org/10.1016/j.hrmr.2013.05.001

Gallardo-Gallardo, E., Dries, N., & González-Cruz, T. F. (2013). What is the meaning of “talent” in the world of work? *Human Resource Management Review, 23*(4), 290–300. https://doi.org/10.1016/j.hrmr.2013.05.002

Hughes, J. C., & Rog, E. (2008). Talent management: A strategy for improving employee recruitment, retention and engagement within hospitality organizations. *International Journal of Contemporary Hospitality Management, 20*(7), 743–757. https://doi.org/10.1108/09596110810899086

Kamel, N. (2019). Implementing talent management and its effect on employee engagement and organizational performance. *Abu Dhabi International Petroleum Exhibition & Conference, Abu Dhabi, UAE, November 2019*. https://doi.org/10.2118/197665-MS

Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human Resource Management Review, 16*(2), 139–154. https://doi.org/10.1016/j.hrmr.2006.03.001

Morton, L. (2005). Talent management value imperatives: Strategies for successful execution [Research Report R-1360-05-RR]. Conference Board.

Narayanan, A., Rajithakumar, S., & Menon, M. (2019). Talent management and employee retention: An integrative research framework. *Human Resource Development Review, 18*(2), 228–247. https://doi.org/10.1177/1534484318812159

Nilsson, S., & Ellström, P. (2012). Employability and talent management: Challenges for HRD practices. *European Journal of Training and Development, 36*(1), 26–45. https://doi.org/10.1108/03090591211192610

Ott, D. L., Tolentino, J. L., & Michailova, S. (2018). Effective talent retention approaches. *Human Resource Management International Digest, 26*(7). https://doi.org/10.1108/HRMID-07-2018-0152

Poorhosseinzadeh, M., & Subramaniam, I. D. (2011). Trust management: Literature review. *Management, 6*(4), 315–331.

Schiemann, W. A. (2014). From talent management to talent optimization. *Journal of World Business, 49*(2), 281–288. https://doi.org/10.1016/j.jwb.2013.11.012

Schuler, R. S., Jackson, S. E., & Tarique, I. (2011). Global talent management and global talent challenges: Strategic opportunities for IHRM. *Journal of World Business, 46*(4), 506–516. https://doi.org/10.1016/j.jwb.2010.10.011

Shafieian, G. (2014). Defining talent management components. *Advanced Computational
Son, J., Park, O., Bae, J., & Ok, C. (2020). Double-edged effect of talent management on organizational performance: The moderating role of HRM investments. *International Journal of Human Resource Management, 31*(17), 2188–2216. [https://doi.org/10.1080/09585192.2018.1443955](https://doi.org/10.1080/09585192.2018.1443955)

Sparrow, P. R., & Makram, H. (2015). What is the value of talent management? Building value-driven processes within a talent management architecture. *Human Resource Management Review, 25*(3), 249–263. [https://doi.org/10.1016/j.hrmr.2015.04.002](https://doi.org/10.1016/j.hrmr.2015.04.002)

Vaiman, V., Haslberger, A., & Vance, C. M. (2015). Recognizing the important role of self-initiated expatriates in effective global talent management. *Human Resource Management Review, 25*(3), 280–286. [https://doi.org/10.1016/j.hrmr.2015.04.004](https://doi.org/10.1016/j.hrmr.2015.04.004)

Vaiman, V., Scullion, H., & Collings, D. (2012). Talent management decision making. *Management Decision, 50*(5), 925–941. [https://doi.org/10.1108/00251741211227663](https://doi.org/10.1108/00251741211227663)

Wellins, R. S., Smith, A. B., & Erker, S. (2008). *White Paper - Nine best for effective talent management*. Development Dimensions International, Inc.