IMPACTS OF TALENT MANAGEMENT PRACTICES IN THE CORPORATE SECTOR

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ABSTRACT

This paper aims to integrate research on talent management with employee attitudinal outcomes and organizational effectiveness. It will play a distinctive role in conceptualizing talent management endeavors and their impacts on employee work engagement, turnover avoidance and value addition. The paper is based on a thorough literature review focusing on concept of talent management, employee work engagement, turnover avoidance, and value addition. The literature review was conducted by carefully studying research articles published in renowned journals. Talent management and allied variables were thoroughly discussed in these articles. This process led to ameliorate the conceptual ideas discussed in this paper. The paper conceptualizes talent management and its effectiveness for organizations in present competitive business environments. The study reveals that talent management has positive significant influence on employee attitudinal outcomes and organizational effectiveness e.g. employee work engagement, turnover avoidance, and value addition. We conclude that organizations, which are enthusiastic for gaining competitive advantage over their business rivals, need to manage their talent in vigilant and effective ways. This paper substantiates that the previous research on talent management imparts in understanding the concept and its enhancement. Furthermore it human resource light upon its impacts with some addition in existing knowledge. This finding is valuable for both researchers and practitioners.

Keywords: Talent Management, Work Engagement, Turnover Avoidance, and Value Addition
INTRODUCTION

Talent management is of core to the 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.

The concept of talent management was derived from World War II (Cappelli, 2008), however its strategic importance has been realized when McKinsey consultants group claimed the human resource as “War for Talent” in late 1990’s (Scullion and Collings, 2010). This war for talent was prompted by the realization that talent shortages were increasingly becoming one of the biggest human resource concerns for multinational corporations (Makela et al., 2010). Thus, the organizations interested in maximizing productivity and effectiveness adopted systematic and rigorous approaches for attracting, selection, development and retention of talented key employees (Huselid et al., 2005).

Talent management is increasingly a part of the corporate strategy for most of the organizations and one does not needs 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. For example, CEO A.G. Lafley of world’s largest consumer company namely Procter & Gamble claims that he spends one-third to one-half of his time in developing talent (Holstein, 2005). In comprehensive reviews of the talent management literature, Tarique and Schuler (2010) note that many studies have limited focus on human resource practices in context of recruiting talent management, leadership and succession planning development. In order to establish its academic merits, Huselid et al., (2005) have argued that talent management needs to be differing from other human resource approaches so that it may focus on identifying the core positions those should be filled in with “A performers”.

LITERATURE REVIEW

Talent management encompasses the instrumentation of unifying strategies or processes in order to enhance the output of a work place by deploying ameliorate systems and processes for attracting, development, retention and utilization of required skills and abilities of work force and their aptitude matched with the current and upcoming business needs. Talent management strategies centralize around five basic areas such as attracting, selecting, engaging, developing and retaining employees (Perrin, 2003). It is generally concerned with practices associated with developing strategy, identifying talent gaps, succession planning, and recruiting, selecting, educating, motivating and retaining talented employees human resource though a variety of initiatives (Ringo et al., 2010). Many authors regard talent management as a managerial strategic priority of the 21st century (Farndale et al., 2010). Employees’ knowledge, skills and competencies are an important competitive weapon, hence talent needs to be maximized and...
recognized as one of the discrete source of organizational competitive advantage (Collings and Mellahi, 2009).

The changing trends realized managers about the transformation of management focus towards intangible capital management and sustainability in knowledge established environments and economies those commits progress with less palpable factors instead focused on human capital, social networking and organizational attitudes that positively takes organization towards success and smoothly boosts the economy as well (Davenport et al., 2002). In knowledge oriented society human capital is the well-nigh strategic resource in attainment of competitive advantage.

In 2002, Goshal & Bartlett claims that organizational executives are very much that executives of the organization have become very much apprehensive regarding the right man such as availability of the work force and with appropriate skills. Most of the researchers argued that knowledge workers are a highly educated and qualified person who deals with the information and its application in specific situations to create new knowledge and address solutions of existing problems (Davenport et al., 2002). Skilled workers have abilities and talent to input the ideas and expertise when organization is in need of the particular talent and comparatively easier for them to execute new procedural lines in order to respond the change immediately (Lawler, 2008).

Talent management is striking for numerous reasons. Executives considers the value of talent and its implication in organization and in this context they focused on organizational core need such as workforce development for the upcoming challenges and talent management makes it more enhanced while the left over individuals have liberty to choose their careers (Lawler, 2008). Talent management basically refers to the functional human resource management course of action which supports the alignment and tracking and managing of high- worth personale or "the talented" but the rest others throws light upon that how the talent should be recognized and enlightened in the organization. The organization which is dealing with the management of talent strategically and purposefully explains that how they attract, source, select, develop them by trainings and ultimately retain them by promoting and rotating them throughout the organization.

Talent management is an approach and a process to view the things those entrust the talent management. Talent management system not only works strategically as a part of overall business strategy but also implements in the organizational routine processes throughout the organization. It cannot be left exclusively on human resource department to attract and retains of workforce instead it shall be proficient at all levels of hierarchy along the organization. Aggressive recruit talent management of valuable employees still occurs, and the retention of high performers remains critical (Smith, 2009).

Failing to appropriately reward key knowledge holders results not only in them eventually leaving the firm but also absenteeism, disruptive office politics, disengagement, and poor productivity. Planning effective programs that include both monetary and non monetary incentives requires an understanding of the organization’s
accumulated knowledge base and of what motivates talent to come to work, to be productive and develop expertise. Several reward and recognition models are adopted by organizations including traditional compensation packages, executive compensation, flexible compensation, perks, and informal and formal recognition (Inskeep and Hall, 2008). For some employees, recognition of their knowledge activities may take the form of providing career development programs that match the individual’s career aspirations (Lazarova and Tarique, 2005).

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

RELATIONSHIP OF TALENT MANAGEMENT WITH EMPLOYEE WORK ENGAGEMENT

H₁: Talent Management is positively associated with Employee Work Engagement.

Although, this is commonly understandable that employees remain engaged with their work in favorable work settings because they are paid for it, however, literature also hints that work engagement comes from jobs satisfaction which in most cases is derived from effective talent management practices. Effective talent management procedures and systems demonstrates the commitment of talent management to human resources resulting in lower rate of employee turnover with higher volume of employee commitment and engagement. Consequently, employee engagement has significant effect on productivity or output of employees and in retention of talent. Despite many citations of an organizational lack of proficiency in talent management (Cappelli, 2008), a 2008 CIPD report “the war on talent” found that organizations are now placing greater scrutiny on their talent management processes (CIPD, 2010b). Further, a 2008 Hewitt survey revealed that almost half of the companies studied planned to increase or sustain employee learning, engagement and development budgets during the economic slowdown (Beechler and Woodward, 2009).

Employee performance and talent retention can be enhanced by cogitation through incentives, monetary benefits and rewards. Research studies related to
employee engagement and organizations success stories throws light upon the fact that employees who are entirely contented / satisfied at their workplace was four times such like unsatisfied employees who are having routine recognition as the workplace have formal employee appraisal processes. Furthermore, 82% claims that recognition made them motivated to enhance their job performance. According to the Corporate Leadership Council (2004), “when done well, practices that support talent management also support employee engagement”.

RELATIONSHIP OF TALENT MANAGEMENT WITH EMPLOYEE TURNOVER AVOIDANCE

H₂: Talent Management is positively associated with Employee Turnover Avoidance.

Despite the wide spread studies on employee turnover, there are numerous resources which effectively and expansively bridges over the scholar confirmations that concerns with the employee retention and practices and efforts. There is wide range of reasons of employee turnover which includes better salary, leaving an obnoxious supervisor, getting fired etc. All these factors may take place when talent in not managed properly (Griffeth and Hom, 2001). Although there may be shared characteristics and outcomes associated with each incidence of turnover, there are different types of turnover, each with its own implications.

Research shows that organizational performance has significantly negative impact on employee turnover with higher social capital (Shaw et al., 2005).

In specificity, it is discovered that what leads these employees to these other opportunities is that the pay level and pay satisfaction are comparably delicate predictors of individual turnovers (Griffeth et al., 2000). To effectively develop and implement evidence-based guidelines for managing turnover requires knowledge of underlying talent management principles and cause-effect relationships.

RELATIONSHIP OF TALENT MANAGEMENT WITH EMPLOYEE VALUE ADDITION

H₃: Talent Management is positively associated with Employee Value Addition.

Employee skills and capabilities that adds varying degrees of value to the organization, hence the “everybody counts mantra” (Lepak and Snell, 2002) is an overly simplified view of organizational talent. Ultimately, this is where talent management differs from other human resource approaches.

Talent management is concerned with identifying the core designation arrangements which have the prospective to differentially effects on the organizational competitive advantage and consecutively, fill these with “A performers” (Huselid et al. 2005).

There is extensive evidence available which shows that when knowledge workers need information to solve a complex problem (Assimakopoulos and Yan, 2006), make a strategically important decision (Cross and Prusak, 2002), or evaluate a new technology (Whelan et al., 2010), they invariable turn to their personal contacts, even when a world class knowledge management system is in place (Cross
and Borgatti, 2002).

DISCUSSION AND CONCLUSION

Every organization today is interestingly concerned with selecting and retaining competent, committed people who are exclusively known as knowledge workers. Knowledge worker refers as a person who knows about the wholesome of his/her job than anyone else in the organization (Iles et al., 2010). Top executive managers espouse more flexible and responsive human resource practices to attract and retain these skilled knowledge workers (Mitchell et al., 2001). Furthermore, participation and personal relationships support motivation of knowledge workers as it raises their apprehensive self-determination and builds psychological contracts on the basis of emotional loyalties, including trust, fairness, justice, and punctuality. In today's society, where knowledge workers are regarded as a key asset, talent is rare and people are certainly more mobile. Therefore, every organization has to establish and implement a strategy for optimizing talent attraction, retention, and development. Other than recruiting talents that fit the required skills, it is of high importance to build goals that are based on strategy, conduct performance against these goals, and provide feedback to the performer to give a sense of common direction (Lawler, 2008).

Our findings reveal that talent management initiatives seek to develop the talented employee’s capacity so that they might remain engaged with their works to produce maximum returns. All the levels of management must be updated with the vitality of talent management strategies that specifically conduct the strategies. This helps an organization to identify and focus on new competitive circumstances (de Pablos and Lytras, 2008). Work engagement is achieve human resource through motivating employees. The encouragement is further supported if the pay is also accompanied by social recognition or adds value to the procedures of self-development such as feedback, coaching, job rotation, and provision of employee training and developing a unified standard (Osterloh and Frey, 2000). Therefore, employees demand for motivation on continuous basis.

Employee turnover was found certainly problematic and in some cases devastating for organizations. However, turnover is a complex phenomenon that comes in many shapes and sizes. It is not constantly destructive, and in several cases may even be beneficial for organizations. Establishing and utilizing effective evidence-based guidelines and strategies for refraining turnovers have many requirements. For instance, human resource managers have a linked comprehension and structure for interpreting what turnover is and how it affects the organization. It is important to create an omniscient understanding that defines the types of turnovers, understands the costs and benefits associated with them, and identifies the importance of turnovers to an organization. As a result, many managers hold important misconceptions about turnover. For example, many managers may believe that turnover is uniformly bad, that most employees quit their jobs because of pay, that job dissatisfaction is the primary reason people leave, that there is little managers can do to affect individual turnover decisions, or that generic best practices are the best way to manage retention. These misunderstandings can be harmful to organizations and to managerial
authorities since they may lead managers to enact unbeneﬁcial strategies that fail to decrease turnover, that are not cost friendly, or even those that encourage the wrong employees while eliminating the most productive ones. Human resource managers need to implement more strategic roles to set up new organizational systems in their organizations (Ringo et al., 2010).

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, researchers highlight the consequences of talent management and suggested various strategies to ensure the retention of key talent, employee engagement and value addition.

REFERENCES


