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Managing talent for competitive advantage

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Abstract

In today's highly complex and dynamic business environment where organizations are striving hard to survive and to gain competitive edge over rivals, talent management has the enormous potential of retaining and developing the most valuable assets of an organization to gain key competitive advantage. It is talent that contributes significantly to the performance of an organization. The uncertainties which are posed to business by the volatilities of environment can be dealt effectively if the organizations possess an efficient HR that can accommodate to these changes and ensure survival of an organization as it is having a direct impact on overall performance of the business. The present challenging environment where business face difficult challenges and an ever demanding customer expectations, talent management comes to the rescue of organizations by developing an ever flexible business work force that can take up any kind of challenge. Taking cognizance of these realities talent management has become quite indispensable to ensure survival of an organization across the globe.

Keywords: HR, Talent, Talent assessment, Talent management.

Introduction

Talent management is one of the much discussed concept and practiced activity in today's corporate world. For organizations across the globe, talent management of knowledge workers and high potentials is of increasing strategic importance (Tymon *et al.*, 2010; Vaiman, 2010) ^[14, 15]. It is considered to be a primary driver for value creation. Talent management is an inevitable function of human resources to the success of an organization as it provides an organization a pathway towards success. Talent management is a critical organizational function where in the organization strives to have a forward looking approach to harness the best talent, closing all the talent gaps, managing the talent to achieve the best possible results in an efficient and effective manner.

Some researchers see talent management from a primarily human capital perspective (Cappelli, 2008) ^[3] while others see it as essentially a mindset with talent as a key to organizational success. Others see the alignment of talent management closely to the business strategy and the corporate culture as a key feature of talent management (Farndale *et al.*, 2011; Kim and Scullion, 2011) ^[13, 10]. Organizations are continually working hard to harness the best talent because it is through effective talent management that the value of a business entity is magnified. It is talent management that helps to improve the performance of business by developing improved processes so that the productivity of the workplace is increased and by utilizing the full potential of employees. Talent management helps an organization to build strategic leverage over others by adding enormous business value. Henceforth, in order to survive, to compete, to flourish and to stay ahead of your competitors in today's hypercompetitive market, talent management is a vital thing which is to be taken care of in order to gain the key competitive advantage.

Literature Review

Talent management is associated with a set of typical HRM/HRD practices or functions, such as recruitment, training, and development (Heinen and O'Neill, 2004) ^[8]. The pressure to attract and retain key talent has led organizations to expend increased energy and resources on talent-related initiatives over the past half-decade (Human Capital Institute, 2008) ^[9].

McKinsey suggested that the global war for talent is becoming a critical driving force in corporate competitiveness and performance, the notion of talent management has become increasingly popular (Axelrod *et al.*, 2002; Micheals *et al.*, 2001) ^[2, 12].

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Effective talent management will have an indirect positive relationship with organizational performance, mediated by work motivation, organizational commitment, and extra role behaviour acting separately or in combination with one another (Collings & Mellahi, 2009) ^[5].

According to Lewis and Heckman's (2006) ^[11] Talent Management comprises of three different conceptions viz:

- a) A collection of typical human resource department practices,
- b) The flow of human resources throughout the organization, and thirdly
- c) Sourcing, developing and rewarding employee talent. The components of talent attraction are recruitment and selection, employer branding, employee value proposition and employer of choice (Armstrong, 2006) ^[11]. 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) ^[11]. Talent development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization (Davis *et al.*, 2007) ^[6].

Objectives of Study

The purpose of this study has been to identify the growing importance of talent management in the present business scenario.

Talent Management- A Concept

Talent consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential (Chartered Institute of Personnel and Development). The concept of talent management was pioneered by MC KINSEY & COMPANY after the outcomes of a study which was conducted by them in the year 1997. However the term increasingly became public in initial years of the current century after the book "The War for Talent" was published in 2001. According to the book "The war for Talent" (Michaels *et al.*, 2001) ^[12], talent is defined as a person's ability, which include a person's abilities, knowledge and potential for future development.

Talent management is the integrated process of ensuring that an organization has a continuous supply of highly productive individuals in the right job, at the right time. Rather than a one-time event, talent management is a continuous process that plans talent needs, builds an image to attract the very best, ensures that new hires are immediately productive, helps to retain the very best, and facilitates the continuous movement of talent to where it can have the most impact within the organization (Dr. John Sullivan, 2004) ^[7]. Talent management refers to the sum total of all activities undertaken by an organization with the perspective of anticipating the required human capital needs and then planning accordingly to cater to those human capital needs. Talent management is the science which is widely used in organizations where in the organization strives to use strategic human resource planning to improve the core values of business and to achieve the goals of an organization so that an organization takes itself along the roads of profit.

Talent management can be summed as a systematic process by virtue of which organizations are able to attract, identify,

develop, engage, retain, reward and deploy high quality and high performing employees in the organization. It ensures organizations have the right quantity and right quality of people to meet their specific business goals. It identifies and fills all the key talent gaps to drive the success of business. Talent management develops the right skills that really change the behaviour of employees working in an organization.

Why Companies Use Talent Assessment

The major asset of any organization are its people and for managing people the HR Management of organizations have always been focused on acquiring and retaining talented people. It is only possible through highly potential people that an organization can be a successful business differentiator. Assessment tests focuses on improving the process of recruitment by identifying high quality candidates, thereby bringing a strategic insight into the organization.

Any kind of assessment plays a key role in an organization by helping in the management of organizational risk. Assessment tests ensure that an organization have hired right kind of people for the right job and at the right time. It helps the organizations in identifying such candidates who will be a good fit for various positions at their company. Talent assessment enables employers to decide which candidates are to be interviewed for jobs. The results of talent assessment tests provide a clear understanding to the organization as to which candidates will be a good fit for the job and which not. Talent assessment tests help an organization by filling all the competency gaps/closing all the talent gaps and also to harness the best talent in the industry to enhance best performance in all the required manners. Henceforth, talent management makes it sure that an organization engages high performing employees.

Talent Management: A Tool for Successful Business

Over the years, there has been a dramatic shift in the role of human resources in an organization. Nowadays companies focus on their potential/talented employees rather than having a neutral attitude for all the employees working in the organization as talented people act as a critical resource for achieving success. HR departments initially focused on personnel functions like hiring, payroll, benefits, promotion, demotion etc. until the concept of strategic HR emerged. HR departments then became involved in every aspect of an organization. Whilst strategic HR in an organization continues to be a major focus, there has been a recent shift toward "Talent Management".

Talent management has become a key component of business success for any organization across the globe because of the fact that the major assets of an organization are its high worth individuals. Talent management ensures that an organization have retained people who have the right skill set for taking up any task because just to hire the people is certainly not the sole aim of talent management. Talent management identifies all the essential skills that are required by employees for their development in all the key areas of business.

Technical know-how, diversification, differentiation, experience, innovation, competitive edge constitutes of the major advantages that an organization can have over their rivals. The high worth individuals drive these advantages. Talent management makes it sure that an organization adopts a co-coordinating and performance oriented approach to their

HR processes. It helps to co-ordinate and integrate the following HR processes:-

- **Recruitment:** Ensures that right people are attracted to the organization.
- **Retention:** Develops and implements policies that supports and rewards employees.
- **Employee Development:** Ensures the necessary aptitudes, skills, knowledge is imparted to workforce for their overall growth and development.
- **Leadership and High Potential Employee Development:** Ensures that people are able to handle the formidable challenges of dynamic leadership roles, helps to effectively develop the high potential employees throughout the organization by building their skills of leadership and competencies so that they build competitive advantages for the near future and distinguish themselves from opponents.
- **Performance Management:** Ensures that managers and employees work collectively so that organizational goals are consistently being met in an effective and efficient manner.
- **Workforce Planning:** Ensures that management aligns the business plans with their workforce plans and thereby address all the workforce issues.
- **Culture:** Ensures to build a positive organizational culture in which both managers and employees contributes equally to the success of an organization.

Conclusion

Talent management has emerged as a captious element of strategic human resource management. An organization needs to plan strategically to ensure its survival and to cultivate for growth in a competitive marketplace. Talent management makes it possible to a considerable extent. The organizations who plan and implement the best talent management practices and processes are more likely to be prepared than their competitors to compete in the highly dynamic business environment. Talent management aligns strategies to business goals, integrates all business systems to their related processes and henceforth creates a “talent mindset” in the organization.

With the advent of liberalization, privatization, globalization and throwing open of national borders for free trade the modus operandi and magnitude of business operations has seen a paradigm shift. The enhanced competition between business organizations has made it a compulsion for organizations to maintain their market share and profitability. Organizations which can maintain their talent in this global scenario of business are more likely to survive. The better the propensity of the business organizations to develop and use their human resources efficiently and effectively the better will be the outcomes for any organization. Talent management can play a pioneering role in rescuing the organizations from the competitive struggles. Towards this backdrop, organizations need to plan for talent management if they really mean business. Because it is ultimately the critical knowledge skills of talented people who drives greater value for organizations in competitive settings.

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