

## Talent Management process

Department of Production Engineering and Management, Technical University of Crete, Financial University Campus, 73100 Chania, Greece

(2013)

### Abstract

Talent Management process is typically found in numerous parts of an organization and literature. However, there is no authority publish about this topic, neither the scientific and systematic description of talent management. Many organizations struggle align their talent management under one cohesive strategy, but it may be a considerable challenge to make this happen. Our review on this issue analysis the different arguments from possible literatures, starting from the definition of talent and talent management, we focus more on the process perspective which we apply for our thesis. Then we compare the talent management and human resource management, in order to walk out from the confusion made by most people. We also gave the different opinions from authors on the strategic approach of talent management. Finally, we listed some challenges and exited problems that we found during our literature analysis.

### 3.1 Define the talent

In 1997, a McKinsey study coined the term: war for talent. Since then talent management has become a fashionable subject within management and human resource practitioner literature. Ten years after its study, with a demographic landscape dominated by the looming retirement of baby boomers in the developed world and the shortage of young people entering the workforce in Western Europe, the talent issue becomes much more acute. As a consequence, talent and talent management has becoming a heating up topic everywhere. (Michaels, E Handfield-Jones, H & Axelrod, B, 2001)

As competition for critical talent heats up, organizations must rethink the actions they take to retain and attract talent. To begin, they must identify the segments of the workforce that drive current and future growth. (Dam, 2006) However, despite its popularity, there continues to be no clear definition of talent and talent management. Its research is not grounded in academia, but rather in the work of consultants, technology providers, recruiters and other self-serving third parties. The definition of “talent” and “talent management” varies between organizations, or within the researchers in this area.

Many organizations seek to map individuals across the organization in terms of performance and potential, and it is those who are identified as high performers with high potential are most often the focus of talent management.

The research results suggest that most definition of “talent” refer to potential, in particular high potentials. For example, Goffee and Jones (2007) define talent as “handful of employee whose ideas, knowledge and skills give them the potential to produce the disproportionate value from the resource they have available from them”. The definition from Tansley, Harris, Stewart and Turner (2006) is “talent can be considered as a complex amalgam of employees’ skills, knowledge, cognitive ability and potential. Employees’ values and work preferences are also of major importance.” But the problem here is everyone could be considered as high potential at different points in time of different organizations. While in some organizations an individual may need to reach a certain level in the hierarchy in order to be considered high potential. It is for every organization to decide for themselves how and who to label as high potential.

For some researchers talent may be defined as a critical abilities set which is difficult to obtain in the labor market or scarce of skills. For example, Ingham (2006) considers people who are in the key position, the leader team, the individual who has the scarce capability or make particular contribution to the organization is talent. While to Cheese talent means the “total of all the experience, knowledge, skills, and behaviors that a person has and brings to work. Talent therefore is used as an all-encompassing term to describe the human resources that organizations want to acquire, retain and develop in order to meet their business goals.” (2008, p37)

In 2006, Lewis and Heckman wrote a talent management review, they view talent as “valuable, rare, and hard-to-imitate but the specific prescriptions regarding talent are not always clear.” They argued having talented people is clearly implied but it is not clear how to separate the contribution to value of technology versus people. Rarity as well has talent implications, but the contribution of “talent” to developing rare resources is similarly unclear as the unit of analysis is the organization, not the talent pool.

## 3.2 What is talent management?

Talent management has been called a trend or a fashion, but different researchers have different understandings about it. Some argue that the term “talent management” is a misnomer because talent cannot necessarily be managed. Some researchers consider the talent management as a mindset.(Creelman, 2004) Some argues that it is a key component to effective succession planning.(Cheloha & Swain, 2005; Redford, 2005) Some thinks that the talent management is to make sure that everyone at all levels works to the top of their potential. Different perspectives are often represented by different authors, generally, there are three main different perspectives:

**The process perspective:** this perspective argues that talent management should include all processes needed to optimize people within an organization. Companies should use a systems or process that enables talented individuals to carve out a successful career in their companies. Breeding and nurturing talent is a task that undertaken in organization's everyday life. A typical definition of this perspective can be seen from following

*“Talent management is a complex collection of connected HR processes that delivers a simple fundamental benefit for any organization, talent management may be defined as the implementation of integrated strategies or systems designed to improve processes for recruiting, developing and retaining people with the required skills and aptitude to meet current and future organizational needs”. (Snell, 2007)*

**The culture perspective:** talent management is more of a mindset (Creelman, 2004) taken within a set of activities. This perspective revolves around the belief that individuals will succeed if they are talented enough and that business success will follow by their personal success.

This perspective based on the presumption that every individual is dependent on their talent for success due to the nature of the market in which they operate, and is typical of organizations where there is a available internal labor market, with assignments being allocated according to how well they performed on their last assignment.

**The HR planning perspective:** talent management is about having the right people matched to the right jobs at the right time and doing the right things. (Mucha, 2004) This approach is generally supported by a very sophisticated IT system, which maps out various different scenario options and future possibilities. Succession planning tends to be more prominent in organizations taking this approach.

This perspective can be seen in Cunningham's point of view. He proposes that talent management is actually two things: Aligning people with roles and aligning roles with people. The former is based on the assumption that there are agreed roles and the aim is to align people with these. The later is based on taking the people as fixed and adjusting factors in the context of the organization. (2007)

Besides the above three mainstream perspectives, there are some other perspectives:

**The competitive perspective:** this perspective is underpinned by the belief that talent management is about identifying talented people, figure out what they want, and giving it to them – if not, your competitors will success (Woodruffe, 2003).

This tends to be the default perspective if no other perspective is taken, if only as a retention strategy. It is also seen in the professional services firms where they generally adopt the competitive approach because their business proposition is based on the talents of their people.

**The developmental perspective:** this perspective proposes talent management is about accelerated development paths for the highest potential employees (Wilcox, 2005), with the same personal development process to everyone in the organization, but accelerating the process for high potentials. Hence the focus is on developing high potentials or talents more quickly than others.

**The change management perspective:** this perspective views the talent management process as a driver of change in the organization, using the talent management system as part of the wider strategic HR initiative for organizational change (Lawler, 2008). This can either be a means of embedding the talent management system in the organization as

part of a broader change process, or it can put additional pressure on the talent management process if there is widespread resistance to the change process.

### **3.3 The research conducted from a process perspective**

Most of the researchers tend to define the talent management from a process perspective, which we are using in our thesis. However some of the definition seems faulty.

*“Talent management is the additional management processes and opportunities that are made available to people in the organization who are considered to be ‘talent’.”* (Blass, 2007) In this more than 70 pages consultant report (actually we are just allowed to read 15pages due to the payment.), the Ashridge Consulting Company came out an conclusion that “talent management is about doing something additional or different with those people who are defined as talent for the purpose of the organization – be it top performers, high potentials, senior managers suitable for director positions, or people suitable for critical roles in the organization.” It seems that for them the talent management to find out the talent and put them into the key position and that’s all.

There are some other different definitions around this perspective as following:

*“Talent management has five elements including attract, identify, deployment, development, engagement”.* (Uren & Samuel, 2007) In this definition, we can see the process of the talent management, but some people will argue that attract and identify belongs to the talent recruitment step.

Powell and Lubitsh argue that *“Talent management is a sequence of rational steps to do with defining talent, recruiting talent, deploying talent and developing talent.”* (2007, p24) We agree that talent management is an outcome of rational actions, but is talent management also about the retention of talent? After recruit the talents, if they want to leave, if they are not satisfying the current working environment, what will leaders and managers do?

*“Emphasize on career and developmental opportunity, the best are able to turn their commitment to development into a source of advantage in recruiting, engaging and retaining employees.” (Younger, Smallwood & Ulrich, 2007, p21)* The authors give a very complete definition about what is going to happen during the talent management, the problem is “the best are able to turn their...” Are there any tools or methods to help the organizations to turn the benefit? Is it by techniques, by leadership or by something else?

*“The need has never been greater for organizations to develop architecture within which to develop talented people. The four basic steps are...” (Emerald, 2007)* This definition more focuses on the structure (architecture) of the organization to develop the talent, while the same issue existed as the Younger’s definition.

*“A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs. Talent management involves individual and organizational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organization culture.” (Stockley, 2003)* Actually, this illustration of talent management is closest to our understanding about the talent management- to attract, develop, deploy and retain the talent involving individual and organization development. We want to explore this so called conscious and deliberate approach and connect it to our research question.

Therefore, after the review of these definitions from different authors, the same perspective they use, but there are no clear steps about the process. Some of them focus on the development of talent, some of them focus on identify the talent, a clear, science, systematic definition is needed.

### **3.4 Differences between human resource management and talent management**

Some authors define talent management as a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection,

development, and career and succession management (Mercer 2005, and Olsen 2000). Managing talent, for them, requires doing what HR has always done but doing it faster or across the enterprise (rather than within a department or function). Olsen (2000, p4) offers a characteristic view, “A company’s traditional department-oriented staffing and recruiting process needs to be converted to an enterprise wide human talent attraction and retention effort”. Regardless of the breadth of their point of view, these authors replace the traditional term “human resources” with “talent management”.

Clearly, a lot of people still confused the human resource management with the talent management. It is important that any talent management system is integrated across all aspects of human resource management. There are clear inter-dependencies between talent management and recruitment, development, diversity, retention and succession planning practices. But one important distinction is the evolution of the difference between tactical human resource management and strategic talent management. Transactional human resource management activities are administrative overhead. Talent management is a continuous process that delivers the optimal workforce for your business. (Snell, 2007)

Cheese in his new book “The talent powered organization” also clearly gave the difference between human resource management and talent management. He said, the “human resource management is not talent management alone, nor is talent management only human resource management, human resource management is an enabler of many of the processes, but talent management is much more pervasive and requires engagement of the whole organization and the notion of the talent mindset.” (2007, p83)

Human resource management is more focusing on the development of people. Along with the performance management, it is more or less supported by compensation and rewards and penalties, learning is better focused on the improving performance, and setting process. But these processes are not truly integrated and are not executed consistently, and therefore the connections are not fully understood or recognized by line managers or clear to employees. There is no real understanding of the mix of competencies and skills

strategically. Although some people metrics are in place, they are not drive up value by investing in people.

Talent management is viewed as a strategic asset and an integral component of business strategy. This approach begins with a pervasive talent mindset and culture driven by top leadership, top-down understanding if a human capital strategy required supporting the business strategy, and understanding of the value linkage. Key talent needs are defined at a competency level. And this underpins the close integration between all the talent discovery, development and deployment processes. Employee value propositions are tailored and targeted with a clear understanding of the needs of the different segments of the workforce.

### **3.5 The strategic approach of talent management**

While academic research into talent management is still in its infancy, a number of researchers are starting to set out frameworks to achieve the necessary strategic understanding of the talent management. They also illustrate that future research into this new management science can add significant value to how organizations manage their most enduring competitive advantage – their people.

For example, Cheese argues that by building a framework combined with the human capital strategy, “it will point the organization towards the dynamic, transformational possibilities of multiplying talent to augment organization’s value and competitiveness.” (2008, p51) His strategic approach to talent begins with the properly defining talent needs based on a clear understanding of the business strategy, integrating all the possible options and sources to discover talent, and then developing and deploying talent in the right way at the right time.

Douglas Ready and Jay Conger (2007) proposed building a talent factory within the organization by breeding the functionality and vitality. They also think it is vital to put the right people in the right position and fast. They applied two wheels to access the functionality and vitality of the company, which show the company’s process on

sourcing, development, deployment, rewards, retention, assimilation, performance management, and engagement.

Boudreau and Ramsted (2005) propose a model for assessing strategic talent management decisions known as the HC Bridge Framework. Using three levels of analysis – impact, effectiveness and efficiency – they suggest that talent investments can lead to strategic opportunities and are not just a response to strategic decisions.

Wellins and Schweyer (2004) also outlines some of the decisions facilitated by strong analytics: If you do proper workforce analytics and planning, then you know who to recruit, who to develop, who to redeploy and where to redeploy them, whether you should hire someone externally or promote someone from within, and whether you should look for a contingent worker, contractor, or full-time worker. Workforce-planning analytics can help you make the best talent-management decisions and align those with your corporate objectives.

### **3.6 The challenge of talent management**

In order to win the war of talent, organizations have invested heavily to implement human resources systems and processes, and talent issues have unquestionably moved up the boardroom agenda. Although these moves are laudable and necessary, too many organizations still dismiss talent management as a short-term, tactical problem rather than an integral part of a long-term business strategy, requiring the attention of top-level management and substantial resources. There are some challenges, in the other words, some issues should be paid highly attention.

Firstly, the short-term mind-sets of the leaders and managers. Since investments in talent intangibles are expensed rather than capitalized, managers may prefer to raise short-term earnings by cutting expenditures on people development. (Bryan, 2007) This tendency may fail to embed a talent strategy in the overall strategy of the business, and turn into a vicious circle: a lack of talent blocks corporate growth, creating additional performance

pressures that further divert the attention and thinking of executives toward the short term.

Secondly, confusion about the role of human resource professionals. When companies do make talent a priority, they often fall into another trap: focusing narrowly on HR systems and processes, which divert attention from the place where most of the obstacles lie: people's heads. "Habits of mind are the real barriers to talent management." (Younger, Smallwood & Ulrich, 2007)

Thirdly, leadership dilemma in reaction to the talented individuals. (Powell & Lubitsh, 2007) Managers often found it difficult to give feedback to talents as they are feared with the issue of poor behavior side-stepped or overlooked. Giving feedback to the talent requires courage and good intent, but done it well will make them feel motivated and developed. So creating the leadership bench strength then becomes a critical inflection point. (Bhatnagar, 2008) There is lack of coherence and rigor between leadership and talent management. By grounding talent management in a strategic decision framework that clearly guides talent decisions, developing systems-level models that illustrate the multi-pool impacts of talent choices, and developing reliable, validity, and theoretically meaningful measures researchers can markedly improve the quality of talent conversations in organizations.

Finally, the challenge regarding measurements, according to Boudreau and Ramstad (2005), is to balance precision with usefulness. Fulfilling the promise of a precise, science-based approach requires adhering to scientific standards of measurement. While that may seem obvious it is disconcerting that fundamental measurement principles are ignored in talent management literature. It also appears commonplace to avoid assessing the measurement properties of core HR practices. Boudreau and Ramstad also address the change management process typically overlooked in discussions of analytics. Just as a model or logical structure is necessary for interpreting measures, a change management process is necessary to implement decisions.

Besides these challenges, Paese (2006) argued that organizations may face two major impediments that can get in the way of achieving results. First, talent initiatives are often implemented without an overarching strategic plan, resulting in frequent and unpredictable objections and disruptions. Second, senior leaders don't have a personal connection to talent through personal involvement or accountability.

### **3.7 Summary**

The review of the literature focused on talent management reveals a lack of clarity regarding the definition, scope and overall goals of talent management. Several areas of research must be pursued for talent management to add a lasting contribution to this field. First, core elements of the talent management decision architecture need to be fully identified and tested. Second, analytical techniques that permit a system-level of analysis must be investigated and more fully incorporated into talent management work. This includes analyses at multiple levels of the organization and the specification of the impact of talent-related decisions throughout the organization. Finally, measures consistent with talent architectures and system analyses must be developed and held to professionally recognized standards of reliability and validity. (Lewis & Heckman, 2006) Therefore, we are working to fill these gaps, core element, technique roles in talent management and the measurements, we try to find a link between these issues and build up our talent factory.

## References

- Aaker J. Dimensions of brand personality. *Journal of Marketing Research* 1997;24:347–56.
- Andreassen TW. Antecedents to satisfaction with service recovery. *European Journal of Marketing* 2000;34(1/2):156–75.
- Bagozzi RP, Gopinath M, Nyer PU. The role of emotions in marketing. *Journal of the Academy of Marketing Science* 1999;27(2):184–206.
- Bhandari MS, Tsarenko Y, Polonsk MJ. A proposed multi-dimensional approach to evaluating service recovery. *Journal of Services Marketing* 2007;21(3):174–85.
- Bitner MJ. Evaluating service encounters: the effects of physical surroundings and employee responses. *Journal of Marketing* 1990;54:69–82.
- Blodgett JG, Hill D, Tax S. The effects of distributive, procedural and interactional justice on postcomplaint behavior. *Journal of Retailing* 1997;73(2):185–210.
- Brockner J, Weisenfeld BM. An integrative framework for explaining reactions to decisions: Interactive effects of outcomes and procedures. *Psychological Bulletin* 1996;120:189–208.
- Brown SP, Leigh TW. A new look at psychological climate and its relationship to job involvement, effort, and performance. *Journal of Applied Psychology* 1996;81(4):358–68.
- Chebat JC, Slusarczyk W. How emotions mediate the effect of perceived justice on loyalty in service recovery situations: an empirical study. *Journal of Business Research* 2005;58:664–73.
- Clemmer EC, Schneider B. Fair service, advances in services marketing and management, vol. 5. Greenwich, Connecticut: JAI Press Inc.; 1996. p. 109–26.
- Davidow M. The bottom line impact of organizational responses to customer complaints. *Journal of Hospitality and Tourism Research* 2000;24(4):473–90.
- Davidow M. Have you heard the word? the effect of word of mouth on perceived justice, satisfaction and repurchase intentions following complaint handling. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior* 2003;16:67–80.
- Folger R, Konovsky A. Effects of procedural and distributive justice on reactions to pay raise decisions. *Academy of Management Journal* 1989;32(1):115–30.
- Harris KE, Grewal D, Mohr LA, Bernhardt KL. Consumer responses to service recovery strategies: the moderating role of online versus offline environment. *Journal of Business Research* 2006;59:425–31.
- Hartline MD, Ferrell OC. The management of customer-contact service employees an empirical investigation. *Journal of Marketing* 1996;60:52–70.
- Homburg C, Fürst A. How organizational complaint handling drives customer loyalty: an analysis of the mechanistic and the organic approach. *Journal of Marketing* 2005;69:95–114 (July).
- IDATE DigiWorld. 2007; [www.enter.es/informes\\_enter/documentos\\_enter\\_idate/digi-world/enter\\_4\\_1.html](http://www.enter.es/informes_enter/documentos_enter_idate/digi-world/enter_4_1.html).
- Jones MA, Reynolds KE, Mothersbaugh DL, Beatty SE. The positive and negative effects of switching costs on relational outcomes. *Journal of Service Research* 2007;9(4):335–55.
- Karatepe OM. Consumer complaints and organizational responses: the effects of complainants' perceptions of justice on satisfaction and loyalty. *International Journal of Hospitality and Management* 2006;25:69–90.
- Kau AK, Loh EWY. The effects of service recovery on consumer satisfaction: a comparison between complaints and non-complaints. *Journal of Service Marketing* 2006;20(2):101–11.
- Kelley SW, Davis MA. Antecedents to customer expectations for service recovery. *Journal of the Academy of Marketing Science* 1994;22:52–61.
- Konovsky MA. Understanding procedural justice and its impact on business organizations. *Journal of Management* 2000;26(3):489–511.
- Lee J, Lee J, Feick L. The impact of switching costs on the customer satisfaction-loyalty link: mobile phone service in France. *Journal of Services Marketing* 2001;15(1):35–48.
- Martinez-Tur V, Peiró JM, Ramos J, Moliner C. Justice perceptions as predictors of customer satisfaction: the impact of distributive, procedural and interactional justice. *Journal of Applied Social Psychology* 2006;36(1):100–19.
- Mattila A. The effectiveness of service recovery in a multi-industry setting. *Journal of Services Marketing* 2001;15(7):583–96.
- Mattila A, Wirtz J. The role of preconsumption affect in post-purchase evaluation of services. *Psychology & Marketing* 2000;17(7):587–605.
- Maxham JG. Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions. *Journal of Business Research* 2001;54:11–24.
- Maxham III JG, Netemeyer RG. Modeling customer perceptions of complaint handling over time: the effects of perceived justice on satisfaction and intent. *Journal of Retailing* 2002;78(4):239–52.
- Maxham III JG, Netemeyer RG. Firms reap what they sow: the effects of shared values and perceived organizational justice on customers' evaluations of complaint handling. *Journal of Marketing* 2003;67:46–62 (January).
- McColl-Kennedy JR, Sparks BA. Application of fairness theory to service failures and service recovery. *Journal of Service Research* 2003;5:251–66 (February).
- McFarlin DB, Sweeney PD. Distributive and procedural justice as predictors of satisfaction with personal and organisational outcomes. *Academy of Management Journal* 1992;35(3):626–37.
- Menon K, Dubé L. Service provider responses to anxious and angry customers: different challenges, different payoffs. *Journal of Retailing* 2004;80(3):229–37.
- Milas G, Mlačić B. Brand personality and human personality: findings from ratings of familiar Croatian brand. *Journal of Business Research* 2007;60:620–6.
- Oliver RL, Swan JE. Consumer perceptions of interpersonal equity and satisfaction in transactions: a field survey approach. *Journal of Marketing* 1989a;53:21–35.
- Oliver RL, Swan JE. Equity and disconfirmation perceptions as influences on merchant and product satisfaction. *Journal of Consumer Research* 1989b;16:372–83.
- Pathak DS, Kucukarslan S, Segal R. Explaining patient satisfaction/dissatisfaction in high blood pressure prescription drug market: an application of equity theory and disconfirmation paradigm. *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior* 1994;7:53–73.
- Patterson P, Cowley E, Prasongsukarn K. Service failure recovery: the moderating impact of individual-level cultural value orientation on perceptions of justice. *International Journal of Research in Marketing* 2006;23(3):263–77.
- Patterson PG, Johnson LW, Spreng RA. Modeling the determinants of customer satisfaction for business-to-business professional services. *Journal of the Academy of Marketing Science* 1997;25:4–17.
- Plutchik R. *Emotion: a psychoevolutionary synthesis*. Harper & Row; 1980.
- Ponsonby-McCabe S, Boyle E. Understanding brands as experiential spaces: axiological implications for marketing strategists. *Journal of Strategic Marketing* 2006;14:175–89.
- Schoefer K, Ennew C. The impact of perceived justice on consumer emotional responses to service complaints experiences. *Journal of Services Marketing* 2005;19(5):261–70.
- Smith AK, Bolton RN. An experimental investigation of customer reactions to service failure and recovery encounters: paradox or peril? *Journal of Service Research* 1998;1(1):65–81.
- Smith AK, Bolton RN. The effect of customers' emotional responses to service failures on their recovery effort evaluations and satisfaction judgments. *Journal of the Academy of Marketing Science* 2002;30(1):5–23.
- Smith AK, Bolton RN, Wagner J. A model of customer satisfaction with services encounters involving failure and recovery. *Journal of Marketing Research* 1999;36:356–72 (August).
- Spreng RA, Harrell GD, Mackoy RD. Service recovery: impact on satisfaction and intentions. *Journal of Services Marketing* 1995;9(1):15–23.
- Szymanski DM, Henard DH. Customer satisfaction: a meta-analysis of the empirical evidence. *Journal of the Academy of Marketing Science* 2001;29(1):16–35.
- Tax SS, Brown SW, Chandrashekar M. Customer evaluations of service complaint experiences: implications for relationship marketing. *Journal of Marketing* 1998;62:60–76 (April).
- TeoTSH, Lim VKG. The effects of perceived justice on satisfaction and behavioral intentions: the case of computer purchase. *International Journal of Retail & Distribution Management* 2001;29(2):109–25.
- Tsai S. Utility, cultural symbolism and emotion: a comprehensive model of brand purchase value. *International Journal of Research in Marketing* 2005;22:277–91.
- Varela-Neira C, Vázquez-Casielles R, Iglesias-Argüelles V. The influence of emotions on customer's cognitive evaluations and satisfaction in a service failure and recovery context. *The Service Industries Journal* 2008;28:497–512 (May).
- Weiss HM, Suckow K, Cropanzano R. Effects of justice conditions on discrete emotions. *Journal of Applied Psychology* 1999;84(5):786–94.
- William S. The effects of distributive and procedural justice on performance. *Journal of Psychology Interdisciplinary and Applied* 1999;133(2):183–94.
- Yoon K, Doucet LM. Attribution and negative emotion displays by service providers in problematic service interactions. *Research on Emotion in Organizations* 2006;2:269–89.