A STRATEGIC DIFFERENTIATOR IN GLOBAL COMPETITION: TALENT MANAGEMENT

Mehmet Saim Aşçı, (PhD)

Istanbul Medipol University, Istanbul

Abstract:

When the gift called talent meets success, it becomes so intense that no force in the world can stop it. If one works with a team with the right talents, the decision-making and implementation processes will be much faster. Companies focus on capital, information technologies, equipment and top quality processes and act accordingly, but the most important factor of all is "human". What makes good companies truly big is their ability to attract and keep the right talents. It is difficult to find young talents, and it is even more difficult to retain them. To maintain a competitive advantage in today's world, retaining the best talents in the organization with commitment is just as important as finding them. Today, the best and the brightest must be included in the team to maintain a competitive advantage. Companies that lose their key employees may miss very important business opportunities. The realization that the most important source that feeds the sustainable competitive advantage is talent has led the management to focus all its attention on talents. The increase in the importance attached to talent has helped employees have improved self-confidence and allowed them to turn their creativity into a competitive advantage. From this perspective, talents have allowed for the introduction of new approaches for employees in the management process. This study attempts to explain concepts of functionality, vitality, developing commitment, creating engagement, accountability, which are the key success factors of talent management processes, as well as obstacles to and disadvantages of talent management.

Keywords: *Talent Management, Competitive Advantage, Human Resources Management*

1. Introduction

A literature review shows that the word talent has been used to mean different things for centuries and transformed in time. The word talent refers to individuals who have special skills. In a business context, these skills are important for the organization. The lack of such skills may cause an actual crisis for the organization. Also, these skills are difficult to copy for other organizations and improving skills takes time (Born and Heers – DEA, 2009: 2).

In an individual context, talent is defined as "the set of superior capabilities, the inherent power which determines the thinking, feeling and acting quality of the individual, is reflected in productive practices when turned into behavior, potentially raises the individual to a level of mastery, and manifests itself as high performance and success" (Akar, 2012: 32). In business life, on the other hand, talent is defined by McKinsey & Company management-consulting firm as "the sum of a person's abilities… his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow" (Beechler and Woodward, 2009: In an individual context, talent is defined as "the set of superior capabilities, the inherent power which determines the thinking, feeling and acting quality of the individual, is reflected in productive practices when turned into behavior, potentially raises the individual to a level of mastery, and manifests itself as high performance and success" (Akar, 2012: 32). In business life, on the other hand, talent is defined by McKinsey & Company management-consulting firm as "the sum of a person's abilities… his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow" (Beechler and Woodward, 2009: 274). Most large international businesses consistently define talent as employees who exhibit high potential for both today and tomorrow. Talents are those who show a high performance and keep improving in their current position, they are mobile and have potential and desire to improve more in other significant positions as well (Makela, Björkman and Ehrnrooth, 2010 : 137).

Today, market conditions change constantly, the phenomenon of globalization spreads in waves and extraordinary developments in information technologies and multinational growth and competition strategies in business make it necessary to develop new approaches in fields of management and organization (Çavuş, 2008: 21).

New concepts have emerged with the development of contemporary management techniques. New practices are seen in the field of science and business. Although it is not possible to draw exact boundaries, contemporary management approaches and techniques such as Total Quality Management, Change Management, Crisis Management, Downsizing, Learning Organization, Restructuring, Conflict Management, Stress Management, Outsourcing, Empowerment, Cross Cultural Management (Çavuş, 2008: 22) and the Talent Management Approach have been gaining traction since 1990s (Şahin, 2015: 8).

In spite of the information available on the importance of talent development and large sums of money allocated for systems and processes to supper talent management, a surprising number of companies still have difficulty in filling key positions, which limits their growth potential considerably. Shortcomings experienced in finding high-potential employees to fill strategic management positions in the company lead to significant problems.

Although companies possess talent processes, these practices may have lost the relevance with what the company needs to grow and spread in new markets. Practices and supplementary technical systems of a company may be strong and up-to-date, but if senior managers do not show a strong commitment to the purpose, talent management will not be successful. Passion must start from the top and be a part of the company culture. Otherwise, talent management processes may deteriorate easily and turn into bureaucratic routines. Today, defective processes and indifference of managers have tangible costs. Companies may lose new deals worth millions of dollars to their new competitors due to their inability to find talents to implement their growth strategies (Ready and Conger, 2008 : 72 – 73).

Companies which see the future with confidence marry functionality, rigorous talent processes that support strategic and cultural objectives, and vitality, an emotional commitment by management that is reflected in daily actions. This enables them to develop and keep key employees and fill positions quickly to meet evolving business needs. This requires companies to work hard to incorporate talent processes into their DNA (Ready and Conger, 2008 : 74 – 75).

2. Functionality

Processes must strongly support objectives such as driving performance and creating an effective climate. Performance and climate are inseparably connected. If the company fails to create the appropriate climate internally and live up to its promises, it will not be able to achieve strategic objectives and reach the desired growth.

Functionality refers to the processes themselves; i.e. the tools and systems which enable a company to put the right people with the right skills in the right place at the right time. At this point, it is very important to link processes to the company's objectives.

The talent management process should start with creating talent pools to monitor and manage careers of high-potential employees within the company and employees in these pools should have the potential to be promoted to senior management roles within three to five years and then to top management roles in the long run. Individuals in these pools should be selected from those who work in positions which require high potential, going beyond usual job definitions, forcing oneself and acquiring new skills (Ready and Conger, 2008 : 75 – 80).

As high-potential employees climb the ladders, they should move through a portfolio of high-level jobs which are categorized based on strategic challenges, the size of the business and complexity of the market. Each role should serve as a springboard for leaders who show the potential to become top managers. However, the lion's share of development takes place on the job, with the support of immediate manager and help from mentors and teammates. For example, a typical marketing manager will have worked with many brands over a certain period. A finance manager will have gone through various assignments, ranging from financial analysis to treasury to auditing to accounting. Most managers should also be placed on important multifunctional task forces or project teams. New postings and task force participation challenge employees and signal to managers that the company will always offer new opportunities.

Also, upper-management employees should be tracked using a technology-based talent management system. The system should capture information about succession planning at the country, business category, and regional levels; include career histories and capabilities, as well as education and community affiliations; identify top talent and their development needs, and track diversity.

An ethical talent management practice requires close attention to the effectiveness of recruiting processes. Also, the system requires an evaluation of the success rate of key promotions.

3. Vitality

While functionality is about focusing the company's talent management processes on producing certain outcomes; vitality is about the attitudes and mindsets of the people responsible for those processes.

Unlike processes, which can be copied by competitors with some effort, passion is very difficult to duplicate. It is possible to say that the vitality of a company's talent management processes is a product of three characteristics: commitment, engagement, and accountability (Ready and Conger, 2008 : 86 – 90).

4. Developing Commitment

Principles such as hiring at entry level and building from within have undeniable effects on developing commitment. It is a useful practice to establish a college intern program that offers the chance to assume real responsibility by working on important projects with the full resources of the company to gain commitment early.

Extensive intern programs can be a drain on an organization because of the time that managers must spend sponsoring, coaching, and advice the interns. However, converting interns to full-time employees at a high percentage compensates for the investment with high-quality hires who can hit the ground running.

5. Creating Engagement

Engagement reflects the degree to which company leaders show their commitment to the details of talent management. Within the context of talent management, the company should engage employees in their career development the day they start with the company. They should work with their hiring managers to plot moves that will build their career. The purpose is to view job assignments through a career development lens.

University recruiting is an important activity, and senior managers should personally monitor the whole process.

These executives should bolster ties with educational institutions to hire only graduates with outstanding track records in both academic and nonacademic performance.To this end, the company may fund research, make technology gifts, participate in the classroom, and judge case study competitions.

Sending new hires to events organized by the company will give them a chance not just to meet one another and members of the leadership team, but also to share their ideas about the company.

6. Ensuring Accountability

All stakeholders should be held accountable for doing their part to make talent management systems and processes robust. Because talent management is both a leadership responsibility and a business process. All executives should be held accountable for identifying and developing the company's current and future leaders.They should be evaluated and compensated for their contributions to building organizational competence, not just on their performance.Executives should also be held accountable for maintaining honesty in the talent management process.

Leaders have long said that people are their companies' most important assets, but making the most of them has acquired a new urgency. Any company aiming to grow has little hope of achieving its goals without the ability to put the right people on the ground, and fast.

Companies focus on capital, information technologies, equipment and top quality processes and act accordingly, but the most important factor of all is human. Decisions related to individuals in the company are the most -perhaps the only- important control mechanism of the organization. The performance capacity of an organization is determined by individuals in the organization. The organization cannot achieve more than the capacity of individuals in the organization allows. The efficiency of the human resource is the factor that determines the performance of the organization. The efficiency of the human resource depends on basic decisions related to employees such as who the company hires, who the company dismisses, who the company assigns to which task (Drucker , 2004: 117).

The executive should not depend on his or her insight and knowledge about individuals but apply the process which consists of dull and careful steps (Drucker, 2004: 117).

When it comes to decisions related to people, there is no such thing as flawless decision-making. The executive should accept the failure of any recruitment, assignment or promotion decision. Blaming the employee with low performance means avoiding responsibility. The management is responsible for removing the employee with low performance. If the incompetent or weak employee is allowed to continue his or her job, this will lead to low morale in the entire organization and other employees are punished, so to say. However, an individual is not a bad employee who needs to be dismissed from the company just because he or she failed to show the desired performance. It merely means he or she is the wrong person for the job (Drucker, 2004: 121).

7. Authority and Responsibility in Talent Management

A company's talent management process consists of certain stages, and it is only as strong as the weakest link of these executive process (Ready and Conger, 2008: 78).

For this reason, responsibilities of the top management and also the middle- and low-level management and the talent management are important. Leaders should develop a mentality to build the momentum to grow talent and enhance performance within the organization and adopt a clear attitude which will allow everyone in the organization understand talent is required for the performance of the job (Cheesese et al., 2008 : 222).

Human resources departments are also responsible for talent management. Talent management should be one of the top priorities within specific strategies set out by the human resources management so that the organization may achieve the objective of "winning the war for talent" (Armstrong, 2006: 126). Talent management should be the vision and mission of human resources managers (Atlı, 2010: 12) and one of the main responsibilities of the human resources team should be effective communication and coordination with top- and middle-level management and talent managers about talent management practices (Akar, 2012 : 63). Today, companies seek ways to benefit from not only employees' labor or knowledge, but also their mental power, available skills, and potential skills as much as possible. Throughout the world, top executives attach more importance to efforts to this end. For this reason, a change and transformation process is now taking place about companies' perspective and practices related to employees. It seems that talent management stands out as one of the most significant and critical fields of practice for human resources management so that the change and transformation process may achieve its goals promptly (Alayoğlu, 2010: 77).

8. Talent and Company Environment

As we have pointed out above, performance and climate are intertwined, and if the company fails to create the appropriate climate internally and live up to its promises, it will not be able to achieve strategic objectives and reach the desired growth.

Executives aiming to ensure employee satisfaction and high performance should not ignore the socialization and cooperation level of the company.

Executives may take the following measures to improve socialization (Goffee and Jones, 1999: 38 – 40):

• Recruiting compatible people -people who naturally seem likely to become friends- will promote the sharing of ideas, interests, and emotions. Before hiring a candidate, for instance, a manager might arrange for him or her to have lunch with several current employees to get a sense of the chemistry among them. Trying to find employees who share interests and attitudes can even be stated as an explicit goal.

• Arranging casual gatherings inside and outside the office, such as parties, excursions or even book clubs will increasing social interaction among employees. These events might be awkward at first, as employees question their purpose or simply feel odd associating outside a business setting. One way around this problem is to schedule such gatherings during work hours so that attendance is essentially mandatory. It is also critical to make these interactions enjoyable so that they create their own positive, self-reinforcing dynamic. Sometimes this orchestrated socializing requires spending money. However, managers can consider the expenditure a good investment in long-term profitability.

• Reducing formality between employees will encourage socializing. Managers can encourage informal dress codes, arrange offices differently, or designate spaces where employees can mingle on equal terms, such as the lunchroom or gym.

• The will to win should be stimulated. Managers can hire and promote individuals with drive or ambition, set high standards for performance, and celebrate success in high-profile ways.

• Commitment to shared corporate goals should be encouraged. To do so, managers can move people between functions, businesses, and countries to reduce strong subcultures and create a sense of one company. Candidates that show promise carry the organization's larger strategic picture and purpose with them throughout their later positions, pollinating each division in the process.

9. Advantages of Talent Management

alent management practices identify those with potential and provide the basis for career planning and development by ensuring that talented people have the sequence of experience supplemented by coaching and learning programs that will fit them to carry out more demanding roles in the future. These practices can also be used to indicate the possible danger of talented people is leaving and what action may need to be taken to retain them (Armstrong, 2006: 392). The advantages of talent management may be listed as follows:

• Talent management has statistically proven effects on profitability.
• Talent management has the highest effect on talent level.
• Talent management illuminates the learning process.
• Talent management is significant in terms of increasing work quality and competency acquisition (Bethke – Langenegger et al. 2010: 16).
• Talent management show organizations how their human capital is used (Whelan, Collings & Donellan, 2010 : 491).
• Rewards given to those with exceptional performance within the framework of talent management have an important role in establishing behavior patterns and ensuring behavioral change (Russo, 2010 : 61).

Another advantage of talent management is the elimination of subjective treatment. One of the most important problems experienced within a company is favoritism in promotions and placements. Favoritism or suspicion of favoritism within a company or any organization leads to considerably negative results. It is possible to avoid such negative situations by evaluating performance according to objective and transparent criteria and methods. Talent management contributes to the elimination of the favoritism problem when implemented successfully in both public and private sectors or both SMEs and large corporations (Şahin, 2012 : 69).

10. Disadvantages of Talent Management

As well as its advantages, talent management may cause disadvantages as well. The most significant disadvantages for companies emerge when the company fails to build loyalty and commitment.

Institutionalization is important for the success of talent management. Failure to assimilate talents discovered and developed into the company may cause talented employees to transfer to other companies, and thus the company loses talent, which is one of the components of competitive advantage. In this context, management must build commitment between the company and employees by accurately identifying material and moral values, needs and expectations of the human resource (Altuntuğ, 2009: 458).

Seeking talented employees through comprehensive recruiting and advertising efforts may create the impression that talented individuals outside the company are targeted primarily. The tendency to underestimate skills and traits of current employees may lead to low motivation and lose employees.

Employees tagged as B or C players realize that the company has low expectations from them, may participate in a lower number of training programs and be unwilling to receive coaching or guidance. Employees who are viewed as ordinary may be discouraged, which may lead to a drop in productivity and an increase in workforce turnover (Anne, 2007: 36).

Talent management may lead to ethical problems as well (Swailes, 2013). The higher dimension of the human resources practice, talent management is a strong tool, but subjective actions of applicators may lead to problems related to work ethics, which may be addressed as a disadvantage (Şahin, 2012 : 70).

11. Obstacles to Talent Management

In a research conducted for McKinsey Quarterly with 98 business and human resources leaders from 46 organizations, obstacles to talent management were collected under seven titles (Guthridge et al., 2008 : 51).

•   Senior managers do not spend enough high-quality time on talent management; 59%
•   Organization does not encourage collaboration and sharing of resources; 48%
•   Line managers are not sufficiently committed to development of people's capabilities and careers; 45%
•   Line managers are not willing to differentiate their people as top-, average- and underperformers; 40%
•   Senior leaders are not sufficiently involved in shaping talent management strategies; 39%
•   Senior leaders do not align talent management strategy with business strategy; 37%
•   Line managers do not address underperformance effectively, even when chronic; %37

12. Discussion and Conclusion

Increasing complexity of and structural changes in the economy and institutions enhances the importance of talent management further. The uniform management and employee retainment methods of old are not applicable anymore. Today, employers have to respond fluctuating business demands and changing competitive scenes quickly.

In spite of the slow and variable global recovery and permanently high of level unemployment, organizations still have difficulty to find the right talent when needed (Castellano, 2016: 59).

The worst global talent scarcities have not been experienced yet, according to the report issued by the World Economic Forum (WEF, 2011:35). The report mentions that studies conducted in the last two years provide evidence for talent crisis which is expected to emerge in coming years and affect all regions. The supply-demand analysis in the report also emphasizes that a widespread talent scarcity will be experienced for decades.

In today's global economy, talent is a significant differentiator for many organizations. Young talents are difficult to find, and yet even more difficult to retain. The difficulty arises from how to use these talents which come with a wide range of skills, preferences, and values. The best and the brightest must be included in the team to maintain a competitive advantage in today's world. Losing talented employees in key roles may mean missing very important business opportunities.

What is that makes a company with high employee commitment and engagement different from other companies? The difference arises from the ability to communicate values which make the company unique to employees.

The secret is to establish and maintain a system which will turn employees, promising talents in particular, into happy, productive and committed team members. The 21st century presents unique difficulties for both individuals and institutions. We seem to move at an incredible speed while social and economic texture changes in under our eyes. It is possible to question all those who used to serve as a foundation for us. The only way for individuals to be successful in the world is to improve their skills and talent, and become compatible.

The same goes for institutions. In order to achieve success in the new world, organizations need sophisticated strategic planning competencies which will help them find their way in turbulent markets and an encouraging culture about continuous learning and compatibility. Strategic Human Resources (HR) management competencies necessary to support the culture of an organization and create the workforce which can achieve strategic business goals are equally important (Castellano, 2016: 215).

References

Akar, F.(2012). Yetenek Yönetiminin Bazı Türk Üniversitelerinde Uygulanmasına İlişkin Öğretim Üyelerinin Görüş ve Önerileri, Yayınlanmamış Doktora Tezi, Ankara Üniversitesi Eğitim Bilimleri Enstitüsü.

Alayoğlu, N. (2010). İnsan Kaynakları Yönetiminde Yeni Dönem. Ticaret ve Turizm Eğitim Fakültesi Dergisi.1, 68-97.

Altuntuğ, N. (2009). Rekabet Üstünlüğünün Sürdürülmesinde Yeteneklerin Rolü: Yetenek Yönetim Yaklaşımı. Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi,14 (3), 445-460.

Anne, M. O. (2007). The Development and Evaluation of a Partial Talent Management Competency Model. Master Thesis, South Africa, Stellenbosch University.

Armstrong, M. (2006). A Handbook of Human Resource Management Practice, (10th edition). Philadelphia: USA, and London, UK: Kogan Page Ltd.

Atlı, D. (2010). İnsan Kaynakları Yönetiminin Yeni Vizyonu Yetenek Yönetimi ve Basın İşletmelerinde Bir Uygulama, Yayınlanmamış Doktora Tezi, Marmara Üniversitesi, SBE.

Beechler, S., and Woodward, I. C. (2009). The Global "War for talent", Journal of International Management, 15, 273 – 285.

Bethke-Langenegger, P., Mahler, P., & Staffelbach, B. (2010). Effectiveness of Talent Management Strategies in Swiss Companies Effectiveness of Talent Management Strategies. Universität Zürich, Institut für Strategie und Unternehmensökonomik, Diskussionspapier,16, 1-20.

Born, M. Ve Heers, M. (2009). Talent Management: Alternatives to the single – ladder approach. Faculty Report (pp. 1 – 108). (July). Copenhagen Denmark: DEA – Danish Business Research Academy.

Castellano, G. W. (2016). 21. Yüzyıl İşgücü Adanmışlığı İçin Uygulamalar Değişen İş Yerinde Yetenek Yönetiminin Zorlukları, Çev. Özlem Kunday, vd., Nobel Yayıncılık, Yayın No. 1672. Ankara.

Cheese, P., Thomas, R. J., and Craig, E. (2008). The Talent Powered Organization, Strategies for Globalization, Talent Management and High Performance. UK: MPG Books.

Çavuş, Ş. (2008). Yönetim Sürecinin Tarihsel Gelişimi ve Turizm İşletmelerinde Çağdaş Yönetim Tekniklerine Geçiş. Okumuş, F. ve Avcı, U. (Ed.), Turizm İşletmelerinde Çağdaş Yönetim Teknikleri içinde (1-37). Ankara: Detay Yayınları.

Drucker, F. P.(2004). The Daily Drucker, HarperBusiness.

Goffee, R., ve Gareth J.(1999). "Modern Şirketi Birarada Tutan Nedir?", İnsanları Yönetmek, Harvard Business School Press, Çev. Gündüz Bulut, MESS Yayın No: 307, İstanbul.

Guthridge, M., Komm, A. B. and Lawson, E. (2008). Making Talent a Strategic Priority. The McKinsey Quarterly, 1, 49-59.

Ready, A. D. ve Conger A. J.(1999). "Şirketinizi Bir Yetenek Fabrikası Haline Getirin", Yetenek Yönetimi, Harvard Business School Publishing Corporation, Çev. İlker Gülfidan, MESS Yayın No: 552,İstanbul.

Russo, D. F. (2010). 17 Rules Successful Companies Use to Attract and Keep Top Talent, USA: Pearson Education Inc.

Swailes, S. (2013). The Ethics of Talent Management. Business Ethics: A European Review, 22 (1), 32-46.

Şahin, Ö. (2015). Yetenek Yönetimi ve Yenilik Performansı İlişkisi: Konaklama İşletmelerinde Bir Araştırma, Yayınlanmamış Doktora tezi, Adnan Menderes Üniversitesi SBE.

Whelan, E., Collings, D. G., and Donnellan, B. (2010). Managing Talent in Knowledge-Intensive Settings. Journal Of Knowledge Management, 14 (3), 486-504.