The Role of Talent Management in HR Development Processes and Optimized Implementation of Talent Management Strategy

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Abstract: *Human resource is the most important advantage for any organization. Therefore, managers should be aware of how to deal with this strategic factor and learn how to effectively use this competitive advantage as well. Future organizations will face increasingly competitive challenges. Managing such challenges may require more efficient and competent managers compared to the present era. Accordingly, talent management may become increasingly more important element in organizations. Talent Management refers to a process in which the organization's human talents are identified for key positions in the future and subsequently prepared through a variety of educational and training programs. According to the definition of talent management and considering the lifecycle of employees as a model for integrating the most important HR development processes, one can find that issues associated with talent management can be deployed in all HR development processes. Therefore, the present study attempts to review the literature on the mutual role of the talent management and HR development processes as well as the planning and optimized implementation of talent management strategy.*

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

INTRODUCTION

Talent management is a process emerged in the 1990s and still continues to evolve. The war for talent is a term first expressed by Mackenzie Consulting Company in 1997. Reviewing Mackenzie Co. shed light on the fact that organizations that are more successful in recruiting, developing, and retaining talented managers are more profitable compared to their other counterparts. This has shifted the organizations' attitudes towards talented individuals to a source of competitive advantage (Gay and Sims, 2009). In the 1960s and 1970s, talent management was delegated to the personnel department as a peripheral responsibility, while today talent management as an organizational responsibility shared by all departments is viewed more seriously (Ma'ali and Tajeddin, 2008). By being aware of the fact that this is the talents and abilities of the employees that lead their business towards success, companies have strived to act on talent management and retain high-potential employees. In general, talent management is referred to as the last wave in the field of HR management (Gay and Sims, 2009). Today, organizations have recognized that they undoubtedly need the best talents to succeed in the complex global economy and survive in the business environment. Simultaneously, with the understanding the need to recruit, develop and retain talents, organizations have found that talents are critical sources that require to be managed to yield the best results (Ma'ali and Tajeddin, 2008). CIPD describes talent as a complex mix of skills, knowledge, cognitive abilities, and high potential, and defines it as the process of recognizing and focusing on the high potential organization HR

department (Gay and Sims, 2009). Talent management focuses on how individuals enter and grow in an organization. It also emphasizes the competency requirements and how individuals move up within and out of the organization. Talent management is not merely limited to attract and retain the best talents, but identify and remove the unnecessary and completely inappropriate employees (Ulrich and Brockbank, 2009). Effective talent management may help organizations to determine their quantitative and qualitative needs for talents, based on the business objectives and strategy. Talent comes from: job rotation in the organization, how people recruited by the organization, how people develop their skills, and finally how people act based on "up or out" policy (Cartwriyh, 2008). Fostering capabilities and managing talents are integral parts of the strategy and vision of the leading organizations in modern era. In today's business environment, HR development management is no longer merely an expense, but a way to increase profit and decrease costs by creating added value through following talent management, employee diversity and training variety approaches (Cartwriyh, 2008). The present study also aimed at identifying the relation between talent management and its role in HR development processes.

Theoretical Framework and Research Background

Talent Management
Talent Management refers to the strategic management of talent flow throughout an organization. Its purpose is to ensure that an effective source of talent is available to properly align the right people with the right jobs at the right time in line with the organization strategic objectives (Duttagupta, 2005). Talent management, often referred to as human capital management, is a strategy as important as other main organizational strategies (Khatri et al 2010).

Talent management may ensure organization that qualified people with appropriate skills are in the right position to achieve their business goals. In fact, talent management involves a comprehensive set of processes for identifying, deploying and managing individuals in order to successfully implement the business strategy required by the organization. These processes that affect the employee life cycle are divided into three core areas: talent attraction, talent retention, and talent development.

1) **Talent Attraction**
   This step involves all issues related to identifying people with a high level of skill set for the jobs that organization need. Accordingly, whom organization should invest in? How should human resources be organized? How should plan for identification and recruitment of employees for designated positions? What kind of talent is needed for organizational development? How is the organizational core scheme designed for development? These questions are only part of the queries that should be taken into account in an organization when designing the path for attracting and developing employees as the most valuable organizational capital.

2) **Talent Retention**
   When an organization succeeded in completing the recruitment process for the designated positions, it should know what the next step is. At this stage, it is necessary to align the appropriate skills of employees with their job responsibilities. In other words, the workforce performance should be managed to ensure that organization is in the path in which its HR has the most productivity. Another point that should be considered in the process of talent attraction is compensation system. In addition to the need for developing a fair compensation policy within an organization, it is essential to include the output of reports and analyses derived from the talents and performance assessments into the compensation system.

3) **Talent Development**
   The final step in this process involves issues related to learning and development. At this step,

employees need a tangible and transparent path for job development. Therefore, an organization has to invest in employees by creating opportunities for learning and development to keep up to date their skills in an attempt to meet the future needs and expectations of the organization (Ma'ali and Tajeddin, 2008).

The Concept of Talent Management

Talent management is defined as investing in employee development, identifying the successors and talented individuals in the organization, and empowering them to play a variety of leadership roles. Talent management is a way to facilitate and develop the working progress of the highly talented and skilled individuals in the organization through predefined guidelines, resources, policies and processes. By reviewing the definitions presented by the researchers in the field of management and HR management, Louise and Hackman identified three basic concepts for the term "talent management". In the first concept, talent management is a set of HR tasks such as recruitment, selection, education, and development. In this sense, they argue that talent management may be a bit more than a mere fashionable term or euphemism for HR management. As they pointed out, talent management is defined in the literature as a systemic approach to implement the tasks associated with HR management with a wider vision and more accurate performance via new technologies such as Internet and software in all levels and parts of the organization.

The second concept identified by Louise and Hackman is specifically focused on predicting or modeling the HR management process within the organization based on factors such as skills, supply and demand, and erosion and growth of employees. In this sense, talent management is more or less synonymous with HR/workforce planning.

The third concept is focused on talented individuals in terms of performance and potential. When using workforce, organizations considerably take people with high potential into account, and subsequently try to attract them. Talent management can also be defined as all activities and processes associated with key positions, leading to a long-term competitive advantage for the organization as well as the development of high potential workforce (Gay and Sims, 2009).

1. **Reasons for the particularly high importance of talent management**
   Direct relationship between talents and superior organizational performance
   Studies have shown that when an organization invests in its talents, it will have a dramatically increased revenue. As a result, talents can affect business performance.
2. **Talents' value creation**
   The financial value of organizations depends on the quality of their talents such that talents quickly increase the value of the organization.
3. **Business in a more complex and dynamic environment**
   Strong competition has made it difficult to achieve a long-term competitive advantage. New products and business models have shorter lifecycle and are keen to innovate. Technology has increased the level of access to information, and this, in turn, has forced people to move towards the business more quickly. As these challenges increase, a growing number of organizations are globally developing. Take for instance a company like Trend Micro that its main branch (headquarter) is located in Japan, its research and development (R & D) tasks are carried out in China, and its global sales operations are conducted in California. Who should be pioneered in coping with the challenges organizations face? Who can lead the organizations in this complex and dynamic business environment?
4. **Changing employee expectations**
   Employee expectations are changing. This has led organizations to place greater emphasis on the talent management strategies and practices. Today, employees are:
   - Increasingly interested in doing meaningful and challenging work

- More loyal to their profession than to their organization
- Less suited to the traditional structure and authority.
- More interested in establishing balance between their work and their personal life.
- Interested in determining their own career development path.

Responding these numerous challenges has made it difficult to conquer the hearts and minds of the employees. A further point is that, organizational culture is also crucial in attracting and retaining key talents (Sayyadi et al., 2011). Indeed, employees become interested in the organization through talent management process. Morton also argues that talent management is essential to engage employees in the organization (Ma'ali and Tajeddin 2008).

Talent Management objectives

In general, the main goals of the talent management are as follows:

- Identifying 'areas for development' and 'managerial competency gaps'
- Retaining key specialists
- Identify the risk of vacant managerial positions
- Explaining the organizational strategic plan with a list of its needs in terms of human capabilities and skills
- Explaining and determining the current organization state in terms of the capabilities and skills and identifying the needs and shortcomings
- Continuously measuring and tracking available capabilities and their distance from the desirable state through training programs and strategies
- Identifying, developing, and retaining high-potential individuals
- Reducing external recruitment costs
- Challengingly treating with managerial development path
  (Gay and Sims, 2009).

Talent management advantages

Talent management ensures that each employee with a specific skill and talent is at the right job and the benefits of job compensation are fair. It also makes transparent their future career path and acts as an increasing stimulus for better job opportunities inside and outside the organization. Talent management provides appropriate processes and tools to support and empower managers. By doing so, managers will find out what they should expect from their employees, which, in turn, improve working relationships as well. As a result, with investing in talent management, an organization will not only receive a high return on investment but also have a variety of talents in the organization. Under this circumstances, the organization benefits from the agile and motivated workforce, which will finally lead to organizational productivity (Ma'ali and Tajeddin, 2008).

The role of talent management in HR development processes

Human resources should be considered a strategic variable, like other variables, in the content management of policies (BamdadSoufi and Taheri, 2012). Talent management is defined as a system for identifying, recruiting, training, promoting, and maintaining talented individuals with the aim of optimizing the organization ability to realize its business goals. According to the definition of talent management and considering the employee lifecycle as a model for integrating the most important HR development processes, one can find that issues related to talent management can be deployed in all cycle processes.

1. **Selection and deployment**

   Selection is a step where the requests of applicants are accepted or rejected, such that the most qualified, competent, and talented applicants are tended to be selected. There are several ways to select the right people. Some examples of the best ways are presented as follows:
   - Structured interview

- Evaluation center
- Socializing process

2. **Training and learning management**

The need for organizational learning is now well established in the business environment. Manifold studies indicated the positive relationship between investing in learning and shareholders' income. According to ASTD 2006, companies with more investment in learning, experienced higher level of satisfaction in both employees and customers, product and service quality, productivity, revenue and, in general, higher profits. Organization use different approaches for training depending on their conditions and facilities. Some organizations may outsource the whole or part of the learning process. Some others may use a variety of methods such as holding a classroom, using E-learning and virtual classes or a mix of them.

3. **Performance management**

In literature, organizations applying performance management programs are referred to as superior organizations. In fact, effective performance management has been used as a key shift lever to increase group and individual achievements. The main component of the performance management system is performance appraisal. In effective performance management, along with performance appraisal, activities such as, inter alia, training, successor nurturing, performance-related payment are also used; however, appraisal is a prerequisite for any performance management program.

4. **Compensation system**

Today, HR experts acknowledge that their most important concern is to create conditions in which payments are intended to increase employee incentives. One statistical finding shows that increased payments to high-performing employees compared to their average-performing counterparts is approximately 2%, while the output of the former is about 5 times higher than that of the latter. These findings suggest that payment programs are not a good tool to motivate employees to change their behavior.

- **Performance-related pay**

  An appropriate approach to pay employees is when their payment primarily depends on their performance, with a special emphasis on the organization's output and revenue. It's also important to take a look at the amount of money paid by the competitors in the market. To this end, you can have an analysis on the gap between the payments of organization and that of the competitors. When employees feel they are paid less than their true value, they highly tend to leave the organization. In performance-related pay (PRP), the following points should be considered:
  - Determine what an employee should receive with regard to his/her performance towards the clearly defined goals
  - Measure the difference between the goal-based pay and the regular pay
  - Allocate the funds for goal-based pay
  - Apply variable payment plans for extraordinary objectives based on performance
  - Consider knowledge, skills and experience as the very factors for increased pay
  - Upgrade employees' salaries when they acquire new skills (given that these skills help the organization's output)

5. **Successor nurturing**

To resolve the talent crisis, organizations have focused their attention on the internal environment and adopted successor nurturing strategies mainly concentrated on developing and nurturing the existing talents. Historically, the most successful organizations in practice are those who have made long-term investment in their employees. By investing in time and money for the development of interior talents, these organizations will be able to successfully pass the critical time when their main

talents retire or leave the company for any reason and continue its survival without facing any problem. The adoption of a win-win successor nurturing strategy allows organizations to identify key jobs, potential successors, and skill gaps, and provide employees with available career options and tools for planning and achieving their career goals. Applying a comprehensive approach may optimize the benefits created for employees, managers and organization altogether. Successor nurturing programs closely tied to the career path of the employees have proven to increase the staff morale and productivity. Organizations that support career development by allowing employees to find new opportunities within the organization and encouraging job mobility, are likely to engage employee in their own career development. As these employees are more likely to seek opportunities within the organization, the maintenance process is well formed, leading to increased employee satisfaction altogether (Tajeddin, 2009).

Successor nurturing: the key to salvation in the talent crisis

Organizational strategies require a holistic approach to talent management; accordingly, the traditional approaches to learning, performance management, succession management and development of career path have to be reviewed and re-evaluated. As the integration of performance management and learning are recognized in many cases as the integral components of effective talent management strategy, succession management connecting the employee development and career path planning, may also play a specific strategic role in today's organizations. These organizations have found that successor nurturing is a dynamic and continuous process rather than a static goal. In today's highly competitive world, organizations should have a vison beyond a merely simple replacement of workforce to achieve talents. Succession management strategies should not only enable employees to achieve the career objectives but also focus on employee development to achieve organizational goals (Ma'ali and Tajeddin, 2008).

Planning and key points for implementing talent management strategy

1. Talent Management requires a precise planning to be profoundly institutionalized in the organizational culture. Successful organizations are aware of their talent management needs, because they have planned to design and implement a sustainable talent management strategy for their organization. In the following, some of the ways that can be used by HR leaders to plan and implement a talent management strategy are briefly presented: Involve your high-level leaders, including your executive director, in this task. Explain why your organization needs a talent management strategy, map out an overall outlook of your goals, tell your leaders how their success will be assessed and demand their all-around support.

2. Appoint a talent leader for your organization and appoint a senior manager to continuously develop, update, and support organization's talent management strategy.

3. Check the key positions and abilities you need. This will help you to understand the general talents you need and to achieve your current goals by reviewing the existing talents.

4. Check the future needs. Determine the future talent management in your strategic planning sessions.

5. Use automation to improve the process. Use technology in your programs but fails to expect technology to be the origin of your decision-making.

6. Adopt appropriate criteria for measuring success. Regularly deliver results to the top leaders of your organization and ask them to submit their suggestions for improving the work.

7. Run your talent management strategy with the full support of your executive director and ask him/her to personally announce the organization's talent management strategy. This will highlight the importance of strategic talent management planning and will inform all people in the organization of this very planning.

Organizations have increasingly oriented towards the technology and technology-related processes to help maximize the benefits that are expected to result from their talent management programs. The results presented by Watson Wyatt in 2009 reveal that a large number of enterprises that focused their planning on the talent management processes, considerably benefited. The main question for these enterprises and also for other organizations like them is how they want to achieve these goals? Organizations can support their talent management strategies by developing, recruiting, maintaining, and updating the existing systems or they can outsource it to service companies that reduce IT costs and, at the same time, increase its implementation effect as well.

Recommendations for managers in the field of talent management

According to what reviewed in the study, the following recommendations are presented for managers:

1. Managers should consider the need for retaining the talented employees in talent management process, because the success or failure of the organization will highly depend on the presence of these people.
2. By implementing talent management strategy in organization, and subsequently, by creating a talent pool, managers may ensure that they can access qualified and efficient workforce whenever they need, preventing organization to face any talent crisis in the future.
3. By applying talent management, identifying key positions, and assigning these positions to sufficiently competent people, manager can expect affairs improvement in the organization.
4. What ultimately makes talent management achieve good results in the organization is the full support of managers and the continuation of this support; otherwise, success will not be achieved.
5. Organizations and managers have to strive to create and develop an organizational culture based on the creation and implementation of talent management.
6. Organizations are expected to have a special focus on talent management and accurate scheduling for implementing talent management in their strategic approaches and their operational plans and goals.
7. Organizational leaders have to possess a positive and operational approach to the implementation of talent management in both theory and practice. They are also expected to provide a comprehensive financial and spiritual support in this regard.
8. Organizational leaders should provide facilities for employees to carry out research activities outside the workplace (Ghosi et al., 2015).

Conclusions and suggestions for future work

One of the misconceptions that can occasionally be created about talent management is to consider it an independent process along with other HR development processes. Moreover, when it comes to talent management, one may misapprehend that some special people have to be necessarily selected or provided with special services. The fact is that talent management should be institutionalized as a system in all HR development processes. In fact, talent management belongs to all HR development processes and for the development of all employees in organization level. However, identification and selection of a number of people with goals like successor nurturing is one of its very processes.

In the implementation of talent management strategy, plans can be supported by a talent leader specifically assigned to check key positions and capabilities, highlight future needs, and measure the success in this regard by setting appropriate criteria. It should be noted that automation is a tool that can considerably help to improve the aforementioned processes, hence it should be used as well.

Future research can deal with examining the various concepts and roles of talent management in the mutual interaction with the electronic aspect. The electronic aspect in any organization or business may refer to the application of information and communication technology (ICT) towards the organizational (individual) goals development. ICT is a new name given to the relationship between computers and communication technology

to create synergies between these two domains. There are three electronic aspects for ICT and talent. ICT as an auxiliary tool for talent management is viewed as a basis for the emergence of talent and what is known as synergy of talents (i.e. combining the talents of different people to create a new phenomenon). Future works can deal with their mutual roles.

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