An Integrated Talent Management System: Challenges for Competitive Advantage

Ratri Wahyuningtyas
Telkom University, Bandung, Indonesia

Abstract: Talent management is a set of activities in attracting, developing and maintaining high-potential employees at all levels to achieve the strategic objectives of the organization. Talent management has been the target of increasing interest in the world of work and has appeared more frequently in the academic literature now a days. While, firms tend to recognize the importance of talent management, they often fail to manage it effectively. Success of the company in managing talent will be the critical factor to create competitive advantages. The purposes of this study is to design conceptual model of integrated talent management system in order to manage talent effectively. This study will be focus on discussing about process cycle in managing talent. Furthermore, this study will develop conceptual model of integrated talent management system and also explain the important thing that company often to neglect and they didn't realized that it can be root problem that make overall process will be failed in managing talent. Result from this study as consideration for every company to develop specific program in managing talent effectively.

Key words: Talent management, attracting talent, developing talent, retaining talent, firms

INTRODUCTION

Talent according to Piansoongnern and Anurit (2010) are a group of employees having above average educational qualification, skill and performance, entitled to be promoted to executive positions. Armstrong (2009) said that 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. In this case, talent is not only limited to a certain level but applies to all functions and classes that exist in the organization.

Talent management itself is a process of human resource management related to the three main processes of developing and strengthening new employees when they first enter the organization (on-boarding), maintain and develop existing employees and attract the employees who have the competence, commitment and character so they want to work in a company (Gaspersz, 2013). Another definition of talent management is stated by Armstrong (2009) as a more comprehensive and integrated bundle of activities, the aim of which is to secure the flow of talent in an organization, bearing in mind that talent is a major corporate resource. Talent management is an organisational mindset that seeks to assure that the supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives (Baum, 2008). Nilsson and Ellstrom (2012) said

that talent management as a human resource management activity that binds all levels within the organization. From all definition above, we can make conclusion that talent management is a set of activities in attracting, developing and maintaining high-potential employees at all levels to achieve the strategic objectives of the organization.

Today, work life is characterised by complexity, unpredictability and insecurity. a principal challenge is to remain current with changes and adapt to the evolving needs of organization. Change is definitely something going on in the world. It has become clear that the most important organisational asset, especially in knowledge-intensive organisations is the people; the future competitiveness and prosperity of an organisation depend on its employees. Talent management has recently been the target of increasing interest in the world of work and has appeared more frequently in the academic literature (Nilsson and Ellstrom, 2012). The McKinsey prescription has often been misinterpreted to mean that talent management is only about obtaining, identifying and nurturing high flyers, ignoring the point they made that competitive advantage comes from having better talent at all levels (Armstrong, 2009). Vaimen *et al.* (2012) suggest about the need to develop more comprehensive framework as integrated approach in global talent management practices. The research from Scullion and Collings propose to align talent management with corporate culture and business strategy.

The purpose of this studies is make a conceptual model for integrated talent management system that focus on discussing about procees cycle in managing talent based on previous study. This study also explain the important thing that company often to neglect and they didn't realized that it can be root problem that make overall process will be failed in managing talent. Result from this study as consideration for every company to develop specific program in managing talent effectively.

GENERAL PROBLEM IN MANAGING TALENT

Vaimen *et al.* (2012) said that while firms tend to recognize the importance of talent management, they often fail to manage it effectively. D'Annunzio-Green (2008) explain about problems that sometimes result in ineffectiveness are low awareness of talent management terminology. The organization need for more discussion of what constitutes talent in organisations. Other problem is loss of talent due to poor communication between managers and staff. It can make lack of understanding of motivations behind employee's decisions to stay or go that influence to structural retention plan. Lack of understanding and discussion about common problems and possible solutions to problems of attracting talent are also to be a problem in talent management process. Sometimes each organisation clearly understood their unique selling of employer brand but often this was not validated from the employee perspective. The last problem based on D'Annunzia Green (2008) is role of line manager as critical to development process. A trend towards encouraging employees is to take more responsibility for their own development.

Scullion and Collings also said that lack of conceptual and intellectual foundation is also to be main problem related with talent management. Lack of clarity regarding the scope and overall goals of talent management is challenging factor for organization (Bethke-Langenegger *et al.*, 2011). The question of how to define, identify, develop and manage talent are also remains unanswered (Nilsson and Ellstrom, 2012). Organizations can not remain competitive if they are not able to attract, develop and retain talented workers. It is mean that talent management is a vital need to be competitive organization.

THE ELEMENT OF TALENT MANAGEMENT PROCESS

Armstrong (2009) said that talent management starts with the business strategy and what it signifies in terms of the talented people required by the organization. Ultimately, the aim is to develop and maintain a pool of talented people. The element of talent management according to Armstrong (2009) consist of resourcing strategy based on business plan, attraction and retention policies and programmes, talent audit, role design, talent relationship management, performance management, learning and development, management succession plan and career management. CIPD (2006) mention several element in talent management process called "talent pipeline" that are recruiting, deploying, performance management, developing, engagement, tracking, rewarding and exiting. Based on survey by CIPD (2006), this is important for organization to do a selection process prior to talent management programmes to enhance feelings of self-awareness, confidence and motivation to perform well.

Pella and Inayati (2011) said that key element of talent management process are recruitment and selection, orientation, performance management, recognition and retention, education and training, succession plan and development. According to Manopo (2011) that the element in talent management process consist of planning, competency management, recruiting, learning and knowledge development, performance management and succession plan.

Based on the description of some experts above that several elements in talent management process are essentially the same. So, it can be concluded that those elements are divided into three major groups, namely attracting talent, developing talent and retaining talent. This study will explain more detail about all element in each group. This study will also make a connection between the element which will form a cycle. We will rarely find a process flow from one element to another in a previous study because usually they just describe the elements rather than creating connection each other. That's why, sometimes some organization didn't know the impact from output in one element to another element. The result is talent management process is not done systematically and of course they cannot manage it effectively.

HOW TO CREATE COMPETITIVE ADVANTAGE?

Superior organization is usually supported by proactive and systematic human resources management. Therefore, each organization is required to have a systematic step in implementing talent management activities as a way to optimize the ability to create long lasting competitive advantage. Based on previous description in this study, Fig. 1 try to show integrated talent management system with a systematic flow of process.
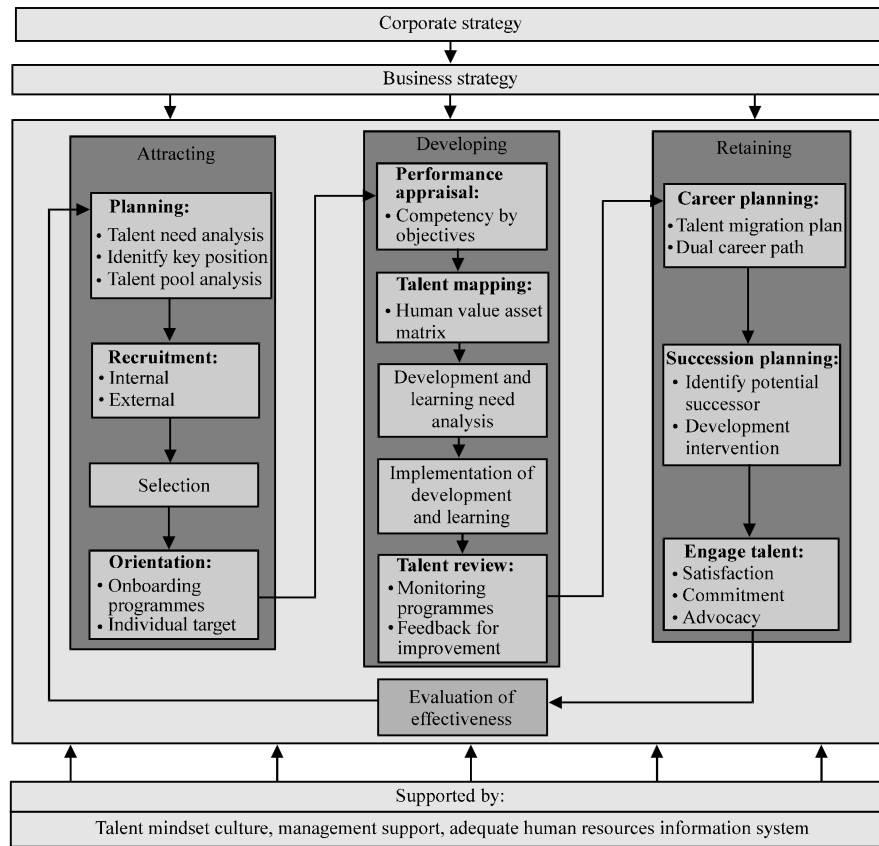
Fig. 1: Integrated talent management system

Figure 1 describe a system with process flow from one element to another. The system consist of attracting talent, develop talent and retaining talent as three main parts in the system. The explanation for each part is as follows:

Part 1; attracting talent: In this process, encompass all activities as a way to ensure that potential high performers want to join with company and become talented workers. Organization must ensure that this process is integrated with corporate and business strategy. Several activities in this process are given below.

Talent planning: Organization through HR professional forecast systematically an organization's talent demand and supply in future. Talent need analysis should be done carefully and still consider all factor that influence it for example organizational strategy, culture, inventory of HR capabilities, competitive environment, labour market, etc. Organizations must understand the talent criteria that is required especially talent criteria for key position. In determining, the criteria of talent it must have defined critical business need and the talent pool group.

Determination of talent pool group can be based on job level structural for example director, manager, supervisor, etc. or functional career ladder. Organization can make competency directories for each talent pool as a standard criteria. Proper planning will ensure the availability of right people in right place at right time.

Recruitment: Organization try to find talented person for employment. The talent planning will be very helpful to identify future job opening as first step in recruitment. The next step is choose recruitment method. Recruitment methods are divide into internal resourcing and external resourcing. The example for internal resourcing are job posting and departing employee. The example of external resourcing are educational institution, social media, employee referrels, advertising, etc. Consideration to choose appropriate method are recruitment budget and organizational policies like compensation policy.

Selection: After an organization has collected prospective applicants, the next process is selecting applicants to decide which applicants who have high potential. There are several selection tool that can be choosen based on

the talent planning the example of selection tools are psychological test, skill and knowledge test, interview, case study, etc. The final decision must be done carefully to minimize investment risk in talented worker and increase the talent management process effectivity.

Orientation: This is important for every new worker to understand about their current new job and future. Organization need to design an effective on boarding programmes. On boarding team needs to be formed to review the responsibilities of each member. On boarding team can consist of line managers and HR manager who will explain about the expectations and goals of work, employment information, employee information such as salary, work schedule, etc. If it is required, the organization can appoint a mentor who will provide technical and moral support and accelerate the process of cultural as similation. After the implementation of these activities in some time, new employees began to be given the opportunity to demonstrate mastery over the task to be done as a form of monitoring the progress of onboarding process. This process generally takes about 30-90 days before the employee is required to make a real contribution to the organization.

Part 2; develop talent: This process encompass all activities as a way to increase employees competency to fulfill business demand in future. Several activities in this process are given below.

Performance appraisal: This process is done to evaluate the job performance of individuals. Performance appraisal can also be used to evaluaste the success of recruitment, selection and orientation. One approach of performance appraisal is Competency by Objectives (CBO) which has competency verified to performance from a role that carried a person who has is adjustable with the business goals and objectives. Assessment conduct on competence in position one level above the current position. The focus of the CBO is predicting the future by developing long-term goals and strategic planning. This means that the CBO emphasize to achieve results rather than to show regular activity. Therefore, the talent planning process is important as first step to identify the competencies that is required for each role and for each of the existing talent pool. Employer and employee itself are assessors that relevant in assessing the competence of employees. From the performance evaluation, results of employee's performance will be known and also potential to be disclosed in the future.

Talent mapping: The results of performance appraisal can be used as a basis for talent mapping. It is mean that the

process try to identify in what talent pool that applicants will be developed. Talent mapping is evaluations on a regular basis to determine the strengths and needs maps of talent development activities through mapping competencies and capabilities of individual employees. Talent mapping will demonstrate current performance and picture the potential of employee to contribute in the future. One of the tools that can be used to perform a talent mapping is the Human Asset Value Matrix (HAV Matrix). In this tool, organizations will create matrix position based on the value of employee performance and potential. There are several forms of HAV Matrix such as HAV Matrix 2×2, HAV Matrix 3×3 and HAV Matrix 5×5. The choice of method is certainly tailored to the complexity of the work, the amount of talent in the organization and budget provided for each talent. Category for each matrix is different because of the level of performance and employee potential of each matrix is different. For example HAV Matrix 5×5 can be divided into several categories such as problem employee, contributor, doubtfull, mediocre, high contributor, unperforming potential, promotable, high promising and star. No standards to give a name for each category, so it can be different name between one organization to other organizations.

Development and learning need analysis: After the mapping is done, organization will know talent and potential performance of each employee as a basis for the conduct of development and learning need analysis. This analysis is to increase productivity in order to create employees who will fit into the category of "Star" in HAV Matrix. There are several development programs and learning such as job enrichment, job enlargement, special assignment, mentoring, coaching, counseling, on-the-job training, job rotation, etc. Figure 2 is an example of development for each category.

Implementation of learning and development: In the implementation of learning and development, there are several critical factor that should be concerned such as commitment of top management, systematic of learning and development mechanism and adequate infrastructure support. Commitment of top management is characterized by the presence of technical and moral support in order to run an effective implementation process as expected. The mechanism of learning and development that is characterized by the systematic planning process and the development of key performance indicators for each form of development. Adequate infrastructure is also one of the main demands. That becomes very important reason when an organization decides to implement talent
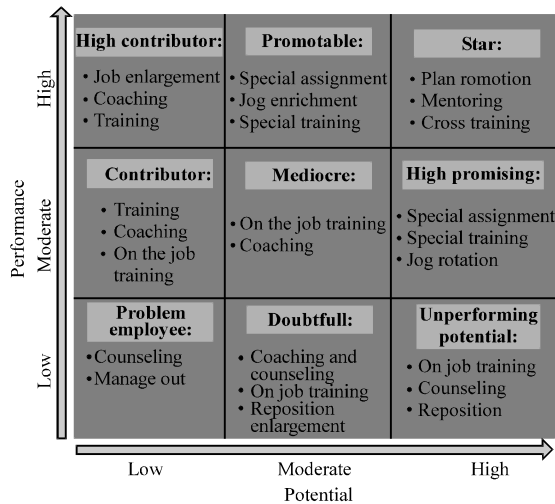
Fig. 2: Learning and development

management system, the cost that would be required is not small because it needs technical support from top management especially in the provision of infrastructure.

Talent review: A talent review as a way to monitor and evaluate effectivity of learning and development implementation. The measurement is done "dengan membandingkan hasil dari implementasi dengan" key performance indicator that related with improvement in their competency and performance. This process provides the basis for career planning and succession planning for each employee.

Part 3; retaining talent: This process encompass all activities as a way to maintain existing talented employees and build their commitment to contribute in achieving organizational goals. Several activities in this process are give below.

Career planning: Talent career planning is a process to identify and make a sequential pattern of position for every employee. In this process, encompass alignment activity between demand want and qualification of employee with organizational demand in future. Of course, the company should have identified the key position in the company and how the talent migration plan to achieve that position. That must be understood that each organization has a different key positions depend on the scope of its business. Career planning focuses on the individual who are considered to be in the high potential pools. It is important to ensure that individuals have a broad view of what is available in career and how they can achieve it. Line managers have duty as career adviser, coach and mentor to help employees move from one part to another part as their progress in career.

Career movement can be vertically, diagonally or horizontally. When organization develops two types of talent pool both structural and functional, it must be provided dual career path for employees who are develop in the two types of talent pool. For example as a lecturer, they can have a dual career path. One career path to develop their potential in a structural position while another career path to develop their functional potential. If the employees have a dual career path, organizations must emphasize in the best career for her/his choice, based on her/his performance appraisal. Of course without prejudice to other career paths. This needs to be done because it is associated with the main development program to be executed by the employee.

Succession planning: Succession planning is a process to ensure that all of the key position has leadership regeneration in a sustainable manner, so that vacant position will never ever happen. Succession planning can be done if the organization has identified key position clearly in talent planning process. Key position in the organization is position when experiencing emptiness will disrupt the effectiveness of the company's strategy achievement. Organizations must also be able to identify the right and potential candidate to occupy the position. Output of performance appraisal and talent mapping in the previous process is one way to identify potential candidates in a particular position. From there you will know what development interventions are required by a potential candidate. Determination of the duration for intervention should be considered carefully until a candidate is ready to occupy a position.

In one key position must have at least two potential candidates. The first candidate has the main priorities that are considered capable of occupying key positions within 1-2 years. While, both candidates have the next priority to be able to occupy a key position within 3-4 years. If indeed there are other potential candidates, it can be prepared slowly for a period of 5-6 years.

Engage talent: The next step that is very important but often overlooked by organization is engage talent. Engaged employees are satisfied with their jobs, enjoy their work and the organization, believe that their job is important, take pride in the company and believe that their employer values their contributions. Factors yang dapat mendorong munculnya employee engagement according to Schiemann (2011) consists of:

- Satisfaction for example, work safety guarantee, fairness, compensation, behavior of respect and dignity and level of stress

- Commitment for example, feedback problem, attractive job, understand the company's mission and values, commitment to peers, inspiring leadership
- Advocacy for example, personal growth and development, recognition, involvement, supervisor and successful experiences

Factors that play a role in encouraging the emergence of engagement will necessarily vary from one employee to another employee. Factors that related to organization policy for example, compensation policy, guarantee work safety, involvement, etc., organizations can re-evaluate based on employee surveys. Of course still refers to the evaluation and aligned with the organization's business strategy. For other factors that are individual based, personal approach can be done by line managers and HR managers to formulate right steps that can rise employee engagement. If the organization is able to meet these factors then, employees will tend to show positive behavior and exert every effort to contribute in achievement of overall organizational goals.

Evaluation of effectiveness: The organization can measure the effectiveness of talent management by using three criteria such as financial outcomes for example, increase in company profit or market value, organizational outcomes for example increase in productivity, level of innovation or customer satisfaction and human resource outcomes for example; high job satisfaction, motivation, commitment or low talent turnover (Bethke-Langenegger *et al.*, 2011). Key effectiveness criteria must identify at the beginning of talent management system implementation. This criteria should re evaluate that is aligned with the change of organizational business goals.

OVERCOME ROOT CAUSE PROBLEM

Once again, organization have to remember that the implementation of talent management is not easy and inexpensive. Therefore, a talent management system that have been well designed often constrained in the implementation process, so the result is far from the expected. The main problem but is often overlooked by the organization is not try to establish a talent mindset culture, lack of management support and Human Resource Information System (HRIS) is inadequate.

Talent mindset culture: Organizations that have the talent mindset culture will prioritize the development of existing employees in the organization, so are expected can improve organizational performance indirectly. This development focuses on the individual employee that aims to explore the full potential that supports the achievement of organizational goals, especially in the future. The wrong mindset in most organizations is a talent management is the HR department's responsibility. They rely entirely on HR departments to design, implement and monitor the talent management process. In order to build a talent mindset culture in organization, it must be began from top level management in organization as a role model to all levels below them. This should be demonstrated through commitment of the leader in promoting the personal development of employees in the organization.

Management support: After the talent management become strong culture in the organization, supervisors, managers and leaders must take responsibility in attracting, developing and retaining talent. Management as one success factor in the implementation of talent management process required providing technical and morale support. Technical support is needed to provide a complete infrastructure which would require high cost at the beginning. Morale support is showed from management's willingness to provide guidance and motivation for the development of employees wherever and whenever.

Adequate HRIS: HRIS is one of the infrastructure that must be provided to support the successful implementation of talent management systems. Criteria for adequate HRIS consist of up to date, accurate, concise, relevant and complete. Up to date means that HRIS contains the recent data related with the track record for each employee for example; employee development, the position that ever held, curriculum vitae, employee performance, etc. Accurate means that HRIS can be relied. Concise means that HRIS consist of short and clear information as a guidance to a make decision making. Relevant means that HRIS can provide informations that are needed in running talent management process. Complete means that HRIS provides comprehensive information that is able to link the information one another.

Today, using the technology of information systems play important role in helping the organization to operate all process. Although, the use of technology requires large investment but will provide long term benefits. The use of information technology will be increase of time and

cost efficiency and effectiveness from the talent management process implementation. But of course if follow by HR specialists who are also experts in the operation of those technology. The other benefits of technology is the ability to integrate a wide range of technology and process to avoid human errors in collecting information associated with the past activity. The important thing is that the emphasize of using HRIS technology should not be only in terms of technology but must be prioritized in terms of HR-based.

All these factors need special attention in every organization that is committed to run integrated talent management system and finally can create competitive advantage for the organization.

CONCLUSION

Superior organization is usually supported by a proactive and systematic human resources management. Therefore, each organization is required to have a systematic step in implementing talent management activities as a way to optimize the ability to create long-lasting competitive advantage. This study contributes in providing integrated talent management system design that can be implemented by every organization in all all industry in order to create competitive advantage. This study explain step by step from the talent management cycle process that is aligned with the business strategy of the organization.

IMPLICATIONS

Practical implication from this study are:

- Organization through HR practitioners must integrate attracting, developing
- Organizations also need to pay serious attention to factors that support the successful of talent management system implementation with creating a talent mindset culture, providing management support and provide adequate HRIS
- Need to monitor the effectiveness of the processes that have been implemented. Measurement of talent management effectiveness should be done continuously so that the organization will get a result as expected

REFERENCES

Armstrong, M., 2009. Armstrong's Handbook of Human Resource Management Practice. 11th Edn., Kogan Page Limited, USA., ISBN-13: 9780749457389, Pages: 1088.

Baum, T., 2008. Implications of hospitality and tourism labour markets for talent management strategies. Int. J. Contemp. Hosp. Manage., 20: 720-729.

Bethke-Langenegger, P., P. Mahler and B. Staffelbach, 2011. Effectiveness of talent management strategies. Eur. J. Int. Manage., 5: 524-539.

CIPD., 2006. Talent management: Understanding the dimensions. Research Report, Chartered Institute of Personnel and Development (CIPD), London, UK., October 2006, pp: 1-24.

D'Annunzio-Green, N., 2008. Managing the talent management pipeline: Towards a greater understanding of senior managers' perspectives in the hospitality and tourism sector. Int. J. Contemp. Hosp. Manage., 20: 807-819.

Gaspersz, V., 2013. All-in-One Integrated Total Quality Talent Management. Tri-Al-Bros Publishing, Bogor, Indonesia, ISBN-13: 9786021957776, Pages: 860.

Manopo, C., 2011. Competency based Talent and Performance Management System. Salemba Empat Publ., Jakarta, Indonesia, ISBN-13: 978-979-061-182-5, Pages: 198.

Nilsson, S. and P.E. Ellstrom, 2012. Employability and talent management: Challenges for HRD practices. Eur. J. Training Dev., 36: 26-45.

Pella, D.A. and A. Inayati, 2011. [Talent Management: Building Human Capital for Growth and Excellence]. Penerbit PT Gramedia Pustaka Utama, Jakarta, Indonesia, ISBN: 978-979-22-6991-8, Pages: 454, (In Indonesian).

Piansoongnern, O. and P. Anurit, 2010. Talent management: Quantitative and qualitative studies of HR practitioners in Thailand. Int. J. Organiz. Innov., 3: 280-302.

Schiemann, W.A., 2011. Alignment Capability Engagement: Pendekatan baru Talent Management untuk Mendongkrak Kinerja Organisasi. PPM Publ., Jakarta, Indonesia, ISBN: 979-442-338-6, Pages: 346.

Vaimen, V., H. Scullion and D. Collings, 2012. Talent management decision making. Manage. Decis., 50: 925-941.