

Effect of exclusive talent management



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Introduction

In recent years, the working environment has witnessed a significant change in the work relationship where before employers mainly focused on giving job security to employees in the long term career, however the deal has changed in which employers support workers employability through training and development to help them enhance their careers by themselves (Sullivan and Wong, 2009). This modern employment relation is beneficial for both employers and employees especially in the context of continuous fluctuations in business environment. To individuals they may acquire crucial skills and knowledge to adapt to different job roles and then capable to manage their own careers. For employers and organizations, greater flexibility in the workforce can be obtained and also higher productivity is expected when giving training and development courses for employees. Nevertheless, in terms of employability-based work relationship, an important question has been raised about the degree of responsibility and power of both parties in balancing the relationship. In specific, the decision of company to choose which group of individuals to receive access to jobs and career developments has long been a topic for debate within talent management criteria. According to the CIPD's ' *Attitudes to employability and talent* ' Research Report (2016), organizations adopting an exclusive talent management approach find it more difficult to ensure access to career development opportunities are available to all staffs. In the context of evaluating talent management approach for organizations and its impact to career development on individuals, this essay will first give general background of talent management and career developments, critically

debate the pros and cons of inclusive and exclusive talent management and then consider the effect of exclusive talent management to career development opportunities. Further discussion about employability, psychological contract, attitudes to work and talent development are also provided before going to a conclusion.

Background of Talent Management and Career Developments

- Main concepts

1. Talent management

The topic of talent management (TM) has brought huge interest from both academic research and managerial practice (Capelli, 2008; Scullion et al, 2010; Tarique and Schuler, 2010). Although a considerable amount of publications regarding to TM has been produced, it is quite clear why TM matters but still ambiguous on what TM precisely is (Huang and Tansley, 2012). This is due to the confusions in the term itself and numerous assumptions made by authors (Lewis and Heckman, 2006). According to Sloan, Hazucha and Van Katwyk (2003), managing talent in a strategic way is to choose the right person in the right place and at the right time. Duttagupta (2005, p. 2) also has similar concept in which “ TM is the strategic management of the flow of talent through organization. Its purpose is to assure that a supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives”. Warren (2006) explained TM in the broadest sense as a combination of identification, development, engagement, retention and deployment of talent. Silzer and Dowell (2010, p. 18) also emphasized TM as “ an integrated

set of processes, programs and cultural norms in an organization design and implemented to attract, develop, deploy, and retain talent to achieve strategic objectives and meet future business needs”.

The meaning of “ talent” also varies in different definitions in the world of work context. Some debates arise to different perspectives about whether talent refers to people or characteristics of people, evaluate the talent through performance (Cheese et al, 2008; Tansley et al, 2007), competency (Gonzalez-Cruz et al, 2009), potential or commitment and innate traits or practice. Considering all of the concepts about “ talent”, some authors has combined these above factors to define talent as competence, commitment and contribution (Ulrich and Smallwood, 2012) or “ a complex amalgam of employees’ skills, knowledge, cognitive ability and potential. Employees’ values and work preferences are also a major importance” (Tansley et al, 2006 p. 2). In addition, regarding to the perceptions of “ talent” by different stakeholders in organizations namely human resource (HR) practitioners and line managers in CIPD’s Research Report (2016), they both prioritized some attitudinal factors such as positive attitude to work, good work ethic, goes above and beyond the job requirements however the major difference between them was in “ high potential to develop” factor (52% for HR practitioners compared to 40% of line managers). As a result, discrepancies in the definition of “ talent” has led to the controversy of whether talent refers to as all employees (inclusive) or a group of stand-out workers (exclusive), which in turn contribute to the born of two approaches for talent management practice : inclusive and exclusive.

Inclusive TM considers the term “talent” as entire employees in the organization (Gallardo et al, 2013). Buckingham and Vosburgh (2001) also pointed that every employees has their own potentials and competencies which consequently create added value for organizations’ performance. Therefore, an inclusive TM approach should ensure an egalitarian opportunities of career developments for the whole workforce rather than “high potentials” employees or an elite sub-group in the organizations, which can retain loyal employees even they are not considered “superstars” (Groysberg et al, 2004).

In contrast, exclusive TM stems from the notion of segmentation in the workforce with the aim to develop key individuals or elite subset of organizations’ workforce. Those can be divided into as high performers and high potentials (Gallardo et al, 2013). By this way, exclusive talent management focuses on small group of workforce to receive privilege such as specific training and development to enhance skills and performances which eventually lead to higher chance for career developments.

1. Career developments

With a traditional view of individual, career development is about preparing all skills and knowledge for the world of work. The main goal is to experience practical skills and knowledge for employability in order to obtain satisfying job. This can be considered as a lifelong process of not only work experiences, related employment and vocational options but also personal enhancement of skills and awareness.

From employers' perspectives, a comprehensive view of employees' career path in the long term and a designed plan of training and development activities, goals and mission to achieve and potentials to improve at each stage are known as career development (Noe, 2010). Practical training programs help to strengthen current competencies of employees for their job role, development activities provide knowledge, skills and attitude for employees in their future positions which increase the flexibility in the workforce. Thus, career development all-encompasses training and development, which also closely belong to talent management practice.

2. The importance of Talent management and Career development

Most scholars in the field of TM agree that proper talent management is an indispensable catalyst to the organizations' success (Iles et al, 2010) and vital to the sustainability of organizations (Lawler, 2008). The main objective of TM is to achieve organizations' related goals which refer to fulfil the quantitative and qualitative needs for human capital in order to shrink supply-demand gap that organizations usually encounter (McCauley and Wakefield, 2006; Beechler and Woodward, 2009). Moreover, talent management is also responsible for boosting overall firm performance (Capelli, 2008; Cheese et al, 2009), a strategic fit of practices and activities aligned with strategic business plan (Bondreau and Ramstad, 2005; Schuler et al, 2011).

Career development is crucial for organizations because of three main reasons. Firstly, focusing on career development may help the company to attract more top talents. In some recent research, career prospects and developmental activities can be main factors for potential employees to

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make decision among job offers (Mikkelsen et al, 1999). Secondly, giving career development for employees can increase job satisfaction and employee engagement (Birdi et al, 1997), which consequently reduces turnover and also minimizes the cost for recruitment. Besides, productivity and financial returns of the company can be remarkably increased due to indirect investment via career developments for employees. There is a positive relationship between perceived growth opportunities from employer and higher job performance (Kraimer et al, 2011).

TM and career development are both responsible for the development of organizations. From employers' perspective, TM and career development are used as effective tools to manage the workforce in order to reach organizations' goals. Career development is an imperative part of TM practice, with the aim to help employees prepare better for their future career within or beyond the organization. From individuals' perspective, employees will make the most of career developments activities to enhance their skills. However the strategy of adopting inclusive or exclusive TM may impact on the chance for exposing career development.

Critical evaluation of exclusive talent management and its impact on career development

- Inclusive and Exclusive Talent management : Advantages and Limitations

1. Inclusive

According to the concepts and literature related to inclusive TM, there are some key advantages for organizations when adopting this strategy. Firstly,

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a more pleasant, fair and collegial working environment is created (Warren, 2006). This is due to the way organizations empower the entire workforce with the same training and development in order to recognize the value added of individuals collectively contributing to the whole organizations' productivity. Thus, employees' engagement can be strengthened because of the alignment between individuals' goals and organizations' goals. In other words, psychological contract between employers and employees will be deeply engaged when employees feel they are valued and be an essential part of organizations' achievement. Moreover, giving all employees chances to grow may help employers to explore more latent talents, which therefore paves the way for creative thinking of vision and mindset throughout organizations. Narrowing the talent gaps is also a beneficial point as smoother communication and easier transferable skills between colleagues can be achieved with the aim to build knowledge sustainment system.

In terms of limitations, inclusive TM can be costly to implement because companies have to allocate resources for the entire workforce with several stages. Furthermore, inclusive systems require programs for the whole organizations, which therefore put pressures on HR practitioners to design proper courses for different job roles.

2. Exclusive

Regarding to advantages of exclusive TM, organizations may generate higher return including productivity and profit which stem from achievements of high performers (Bondreau and Ramstad, 2005). In fact, key talents in the organization will be given privileges to access more career enhancements and specialized skills programs, which therefore help them to

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work more effective. In addition, according to Netessine and Yakubovich (2012), the favouritism of high performers may encourage low performers to quit or to implement better, which causally lead to a high-performing workforce. Høglund (2012) also argues that “continuous tournament” among employees can be created in which they will be more motivated and hard-working to prove their competence. Cost-effective factor is also recognized when adopting exclusive strategy as the scope of providing training and career enhancement tools will be narrow considerably compared to inclusive strategy.

Nevertheless, exclusive strategy may form a more hierarchy in organizations' structure in the long run with emphasis on key talents. This will create a discriminatory environment in which employees feel the loss of morale and engagement with companies. DeLong and Vijayaraghavan (2003) also point that spending a huge proportion of resources to a small group of talents may impair the organizations' culture, aggravate loyal employees and drive resentment among peers. Thus, an overemphasis on individuals' performance can create a loss of culture for transferring skills, consequently retards learning and development throughout organizations (Pfeffer, 2001).

2. Exclusive talent management and its impact on career development.

According to CIPD's Report (2016), 89% HR respondents reported that everybody has certain talent and necessary supports are available for all of them to embrace their potential (87%), referring to the ubiquity of inclusive TM philosophies. However according to Guest (2002), the actual practices showed that opportunities for career enhancements were only available to a

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minority of employees whose value are significant to organizations' success. In addition, considering these above definitions and aspects of exclusive talent management, it is clear that equal chances of career developments for all staffs are hard to achieve.

Regarding to the employability-based work relationship, there is a confusion about the responsibility of employers whether to give access to job prospects for employees or this mission supposes to rest mainly with the individual. Employability is defined as " the capability to move self-sufficiently within the labour market to realize potential through sustainable employment" (Hillage and Pollard, 1998 p. 2). This is a mutually beneficial obligation and responsibility for both parties, where employees add values to organizations' performance and employers provide training for advanced general skills to stimulate employees' competency in their own long-term marketability. However the misalignment of employment purpose of both parties which ' transitional' employability - chances to move between organizations is desired by employees while employers focus on ' functional' employability- satisfy organizational needs with employees' competency (Clarke and Patrickson, 2008) may lead to the implementation of exclusive TM. From employers' perspective, this implementation can be understandable in terms of cost-effective and efficiency when high-performers deem to boost productivity and maximized profit. Smart (2005, p. 5) mentioned high performers are those who " contribute more, innovate more, work smarter, earn more trust, display more resourcefulness, take more initiative, [...] and find ways to get the job done in less time and at less cost". Thus, those people are deserved chances to foster their possibility as they are the most

crucial drivers of organizational success. Moreover, if employers cannot ensure equal access for career developments, employees may manage their own, which in turn rebalance the employability-based relationship. The belief that individuals' adequate capability for employability and career path have become widely favored by numerous career literature (Iles, 1997; Estienne, 1997; McQuaid and Lindsay, 2005). As career structures fluctuates continuously in line with unstable employers' requirement, employees are encouraged "to weaken their ties with organizations" (Cohen and Mallon, 1999 p. 333) and build strategies for career management across organizations rather than focusing on internal career ladders (Currie et al, 2006). With this view, employees are no longer relying on organizations' chances but to independently manage their career path and also gain job satisfaction through their own learning and development (Clarke and Patrickson, 2008). Furthermore, survey from CIPD (2016) reported that TM practices for exclusive focused mainly on organization- specific standards rather than industry-wide standards. In other words, career opportunities given by organizations may just serve temporarily for organizations' needs rather than transferable ability through other organizations. As a result, it is beneficial for individuals to take charge of their own career.

Nevertheless, placing main responsibility on employees does not mean that organizations' role should be overlooked. Van Buren (2003) argue that organizations should develop their employees in a way that attract to other employers so as to make easy transition within labour market in the situation of job loss. Regarding to a mutually beneficial employability-based relationship, employers when adopting exclusive TM seems to violate the

deal in which career enhancements opportunities are limited only for those performing better and also the quality of these opportunities serving specifically for organizations' interest rather than . Consequently, this may cause negative effects related to employees' engagement and psychological contract which in turn increase turnover rate and even influence on overall productivity. Guest and Conway (2002) suggested that TM practices give signals for both employers and employees liabilities. When it comes to exclusive TM, different signals perceived by employees may occur, resulting in different attitudes. " Talented" employees may feel more valued when received more tasks and also career opportunities from employers while the rest of the workforce may feel underestimated and more likely to less-engaged to organizational goal. This may increase turnover rate and require HR practitioners to recruit and train. Therefore, achieving short term productivity by improving career opportunities for elite subset of workforce may impair the sustainable development of organization.