

Global
competitiveness in
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Talent development plays a vital role for development in any most if not all industries. Therefore, one of the examples of the GLC Company that had undergone the Talent Development Programmed is PROTON Bhd Perusahaan Otomobil Nasional or National Automobile Enterprise. This paper will briefly attempt to explain the factors that influenced PROTON's Talent development practices, internally as well as externally.

2. 0 OBJECTIVES OF THE STUDY

2. 1 As mentioned above the government wants to implement the talent development to develop the country in order to reach the goal as a high income country. As we know that knowledge is the source of human capital that evolved as valuable element for attracting the foreign investors to build partnerships with Malaysia. Therefore, to understand better how Malaysia can be developed through talent development of its Government-Linked Company such as Proton, the study will focus on the following objectives:

to identify the factors influencing the formulation of talent development in PROTON;

to understand issues related to talent development in automotive industry;

and

to learn the formulation of talent development strategies.

3. 0 METHODOLOGY OF THE STUDY

3. 1 The source of the information or data of this study will be primarily secondary data and entails:

(a) literature review which covers the definitions and concepts of talent development readings from related books, articles and publications in internet.

(b) discussion with lecturers, advisors and colleagues.

(c) desk top analysis about a case study on PROTON's talent development which gather and analyze information, facts, figures or statements from official publication and booklet including social network discussions.

4. 0 LITERATURE REVIEW

4. 1 This chapter will explain the concept of talent, what is talent development, why an organization needs talent development and factors that influencing talent development in an organization. By understanding the theory of talent development, it will help this study to analyze the factors influencing talent development in PROTON.

4. 1. 1 Concept of Talent

4. 1. 1. 1 According to McKinsey & Company, talent is the sum of a person's abilities, his or her intrinsic (natural) gifts, skills, knowledge, experience, intelligence, judgment, attitude, and character, to learn and grow. The "war for talent" was officially launched in 1998 when McKinsey, America's largest and most prestigious management-consulting firm, published their now-famous report proclaiming that "better talent is worth fighting for" (Chambers et. al., 1998: 45). Their data came from a year-long study of 77 companies from a variety of industries and nearly 6000 managers and executives, supplemented by case studies of 20 companies widely regarded

as being rich in talent. McKinsey's research concluded that by the next 20 years the most important corporate resource in the world would be smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. According to McKinsey, talent is "the sum of a person's abilities i. e. his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes one's ability to learn and grow" (Michaels et al., 2001: xii). For McKinsey, talent refers to "the best and the brightest" and many organizations adopted the term to refer to their "A Level" employees who ranked in the top 10 to 20%. In the popular book, *Top grading*, Bradford Smart (2005: xviii) defines talent as "A players (that) are the top 10% of talent available in all salary levels, best of class." Robertson and Abbey also focus on the best and the brightest, in *Managing Talented People* (2003). They describe an elite group of high-impact, but high-maintenance individuals who can deal with more complexity but are more complex in themselves.

4. 1. 1. 1. 2 In contrast to the definitions above, talent has become a synonym for the entire workforce in many organizations and a large number of companies do not even know how to define talent (Economist, October 2006). Professor and HR guru David Ulrich takes a holistic view with his definition: talent= competence commitment contribution (Ulrich, 2006). According to his formulation, competence or ability means that individuals have the skills, knowledge, and values that are required for today and tomorrow. Commitment means that employees work hard, put the time in to do what they are asked to do, giving their discretionary efforts to the

company's success. Furthermore, contribution means that they are making a real contribution through their work - finding meaning and purpose in their work. "Competence deals with the head (being able), as well as commitment with the hands and feet (being there), contribution with the heart (simply being)" (Ulrich 2006: 32). Using Ulrich's terms, the talent war represents the drive to find, develop, and retain individuals, wherever they are located in the world, who have the competencies and commitment needed for their jobs and who can find meaning and purpose in their work.

4. 1. 1. 3. Despite these competing definitions of talent, the "star" approach, championed by McKinsey, has been the most pervasive. When published, McKinsey's study heralded a corporate sea change-"The Old Reality" (people need companies) replaced by "The New Reality" (companies need people) - people, not machines, capital or geography, becoming the new source of competitive advantage. The resultant "war for talent" arose from demographic trends creating scarcity, exacerbated by the state of human resource and talent management. The survey also showed a majority of companies with insufficient and sometimes chronic talent shortages. In the "New Reality," jobs are present even in down times but talent is always scarce. McKinsey predicted that future demand for talent would increase and supply decrease, thus making the search for the best and brightest a constant and costly battle (Chambers et al., 1998).

4. 1. 1. 4 In 2000, McKinsey updated their study, finding that 89% of respondents thought that it was even more difficult to attract talented people than 3 years before - 90% believed it was more difficult to retain them. They also found companies doing the best job of managing their talent <https://assignbuster.com/global-competitiveness-in-the-knowledge-economy-management-essay/>

were delivering far better results for shareholders with “ A players” – the top 20% or so of managers – raising operational productivity, profit and sales revenue much more than average performers (Axelrod et al., 2001).

4. 1. 1. 5 McKinsey concluded that top people look for companies that are great and offer great jobs when deciding where to work. For them, a great company is one that is well managed, has great values and culture. Talent wants jobs that are big, where they have responsibilities for a number of functional levers, and where they can make their own decisions (Fishman, 1998). While a “ talent mind-set” became the new orthodoxy of American management in the late 1990s and early 2000s (Gladwell, 2002), a darker-side of this approach came into glaring view with the rise and then demise of Enron, one of McKinsey’s “ success stories” and ultimate “ talent” companies.

4. 1. 1. 6. Enron hired 250 new MBAs a year during the 1990s and top achievers were rewarded excessively and promoted without regard to seniority or experience (Michaels et. al., 2001). Employees were sorted into A, B, and C groups in a process of “ differentiation and affirmation.” The A’s were challenged and disproportionately rewarded. The B’s were encouraged and affirmed and the C’s had to shape up or be shipped out. Unfortunately, because performance appraisals were subjective, the company ended up promoting people based on evaluations that weren’t based on performance, and the needs of customers and shareholders were secondary to those of its “ stars” (Gladwell, 2002).

4. 1. 1. 1. 7 A similar belief in many other organizations that winning the war for talent requires strategies focused on “ stars” is challenged by recent research that shows that this nearly single-minded focus on 10-20% of individuals in an organization often backfires and reduces, rather than enhances individual, team and organizational performance. We will return to this issue and an analysis of the literature on the wisdom of focusing on stars in Section 4.

4. 1. 2 Talent Development

4. 1. 2. 1 Maximizing everyone’s potential, developing capabilities and competency more extensively, interventions include a broader range of learning and development interventions at all levels, from training to management and leadership programmes to international assignments, coaching and mentoring. (Steward & Rigg, 2010).

4. 1. 3 Need of Talent In The Organization

4. 1. 3. 1 There are various factors why organization needs talent development. It is because to compete effectively and efficiently in a complicated and dynamic environment in achieving sustainable growth. The organization needs talent development for future leaders from within the organization. It is also in order to maximize employee’s performance to generate competitive advantage. Talent development also helps to empower employees by cutting down on high turnover rates and reducing the cost of constantly hiring new people that would require training.

4. 1. 4 Factors Influencing Talent

4. 1. 4. 1 There are many factors which cause instability in an organization's workforce. Some of these factors are illness, retirement, attrition or finding better jobs. Considering this unstable environment and in order to create stability for the future of the organization, they need to hire capable people for key positions. One of the important tools for attracting, developing, and retaining the talent in the workforce is succession planning. There are many factors influencing the implementation of an effective succession planning system in organizations.

4. 1. 4. 2 Most organizations found that they must rely on their employees as the only way to become stable in this competitive age. Organizations need to develop their employees' knowledge, skills, talents and capabilities. Many organizations use succession planning to develop and maintain powerful leadership and other key employees to make sure that they address all the skills and competencies required for the economic environment.

One of the human resource tools which can help the current and future needs of organizations, is succession planning. Succession planning is a helpful approach to find the appropriate people who are needed for leadership positions or other key positions in the organizations.

Haraf (2005) states that, the need for effective succession plans is increasing in the organizations, but many companies and organizations do not pay enough attention to such plans and many of them are facing many challenges and barriers in the process of these programs.

In an overall definition, succession planning is a vital structure that takes into account the organization's resources for the maintenance and development of high potential employees. Over the years, many studies have been conducted in the field of succession planning. However, some researchers believe that beginning research in succession planning issues began in the early 20th century with the writings of Henri Fayol about the fourteen points of management. Succession planning and management as we know it today arrived of age in the late 1960's and early 1970's, when formal succession planning methods were adopted by organizations. Some methods which were used in succession planning were estimating the performance and potential of the group of talented employees, planning their movement through the organization, and establishing detailed developmental plans.

Historically, organizations only paid attention to replace employees exactly before they were to leave the organization and the decision about the people who would replace them usually was made by the chief executives or board of directors . The focus was on replacing the employees, not to develop them and in many cases it did cost a lot for the organizations.

In fact, in today's dynamic world where competition is high, work is fluid, environment is unpredictable, organizations are flatter, and the organizational configuration frequently changes, the old view of succession planning by defining specific people for the specific job does not work.

Nowadays, organizations found the alternative way. They discovered that in order to be certain of having proper talents for the future needs, they must train leaders and key employees.

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Succession planning is used as an essential and strategic tool for the organizations to attract, develop, and retain talent in the workforce. As a comprehensive definition, succession planning can be defined as an attempt to have a plan for the right number and quality of key position employees, including managers to cover retirements, promotions, serious illnesses, death or any new job, which may be created in the future of the organization's plans .

5.0 A CASE STUDY: AN OVERVIEW OF PROTON

5.1 PROTON was established in 1983 as directive of the former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad. It is largest manufacturer of automobiles in Malaysia and the only full-fledged OEM car manufacturer in South-East Asia. With operations in key markets located from UK to the Middle East, and across South-East Asia and Australasia, especially in countries like China and Iran, PROTON produces cars to suit a range of consumer demands and preferences (Bux, S. R. & Othman, H., 2010). Using technological know-how from Mitsubishi Motors Corporation, PROTON produced its first model car, the Saga in April 1985 at its manufacturing plant in Shah Alam, Selangor. Components of the vehicle were first manufactured by Mitsubishi, but as technologies were transferred and skills gained, local parts made in Malaysia were then used. In May 1990 Proton produced its 200, 000th. Today, its supplies include the versatile and reliable four-door Saga and Gen2, two-door Satria Neo hatchback, luxurious and stylish Persona sedan, and spacious and affordable Exora MPV (multi-purpose vehicle), as well as world-renowned sports cars from Lotus. Most importantly, PROTON models are now developed with Lotus Engineering,

offering its customers superior ride and handling experience in every drive (Bux, S. R. & Othman, H., 2010).

5. 1. 1 PROTON's Role in Malaysian Economy

As Malaysia's automotive project, it was been given the mandate to achieve three primary National Policy objectives:

to spearhead the automotive industrialization process and manufacturing industries;

to acquire and industrial skills within the automotive manufacturing industry; and

to strengthen the international competitiveness of Malaysia's industrial capability.

5. 1. 2 Proton's Guiding Principles

PROTON is committed to upholding the most demanding standards of business operation in all of their markets. PROTON abides by five guiding principles to help them measure their progress across all areas namely:

to support customers by continually identifying new product development opportunities, wherever they may exist.

to ensure that existing and potential customers are aware of their products and future development opportunities.

to care for customers across all areas to ensure they are the preferred supplier of choice.

to continuously seek new ways to improve their service to customers so that PROTON can meet their needs and expectations.

to invest in the training and development of PROTON's employee.

5. 1. 3. Proton's Employee Policy

The policy is:

“ The Company's Mission Is To Strive Towards Excellence In All Aspects Of Proton's Operations. In Achieving Our Goal, It Is Necessary To Promote And Protect The Health And Safety Of Proton Employees And Ensure That The Environment Is Unharmd” (PROTON Annual Report, 2009).

PROTON has committed itself to ensuring a conducive, safe and healthy working environment for its employees. In order to ensure this commitment is implementable, it has clearly outlined an employees' policy to:

take responsibility for the safety and health of their employees;

provide the appropriate resources;

take all action necessary to remedy any noncompliance; and

monitor and maintain high standards in environmental protection as well as health and safety measures (PROTON Annual Report 2009)..

PROTON has pledged that in implementing the employee policy, they shall, where reasonably practicable:

comply with all rules and regulations concerning the environment, health and safety;

provide all the necessary facilities and equipment for the employees;

actively promote programmes for the employees to in still awareness for the safety and health of the employees, our business associates and the public;

and

provide adequate information and assistance to our employees and our neighbours to avoid unacceptable effects on the environment (PROTON Annual Report 2009).

In return, PROTON employees shall:

abide by all rules and regulations concerning the workplace;

utilise all the facilities provided by the management in a safe and proper manner;

maintain good work practices; and

actively participate in all the Environmental, Health and Safety (EHS) programmes (PROTON Annual Report 2009).

6. 0 ISSUES FACED BY PROTON

6. 1 There are issues and challenges faced by PROTON in sustaining the automotive industry. It emanated from both external and internal factors.

6. 1. 1 External

Competition in auto industry locally as well as globally.

New global automotive business model such as JV, collaboration, market oriented

Global economic slowdown because of less demand and over supply of cars

Liberalization policy - World Trade Organization(WTO)

6. 1. 2 Internal

Hike in production cost

Weak in Research & Development

Skills gap

Sustainability

Succession planning gap

Leadership skills.

7. 0 PROTON'S STRATEGIES IN TALENT DEVELOPMENT

7. 1. According to Dato Haji Syed Abidin, there are three strategies that have been proposed by PROTON for their talent development program, namely, people development, leadership development and talent management system.

7. 1. 1 People Development

People development is a strategy to make sure people have the talent to perform the specific task. People development consists of five elements which are:

Functional Knowledge (Intellectual, technical & business expertise)

Values (Caring, honesty, accountability)

Performance (Consistently deliver commitment)

Global Knowledge (Cross-cultural & global perspective)

Business Knowledge (Continually build understanding of PROTON's products, business and industry)

7. 1. 2 Leadership Development

Leadership development is a strategy for PROTON to develop their potential leaders in the organization. There are six elements in this strategy:

Training & development (development programs congruent to the needs of job competency)

Career development (define a career path for development)

Performance management (plan objectives, performance coaching and review between manager & subordinate)

Succession planning (Identify top candidates for the organization's most important value-added jobs)

Reward & compensation (Measure job related behaviors required to meet job responsibilities)

Recruiting & selection (attracting top talent)

7. 1. 3 Talent Management System

7. 3. 1 Talent Management System is to cater for the right talents at the right places and the right time. The system will enable the executives to realize their full potentials and talents. Recruitment of expatriates and International employees are a process of assimilating new skills, knowledge & culture. It is tailored to individual role profile and it is divided into 2 programs, which are Career Accelerator and Functional Breadth. Career Accelerator is the Executive Development Program training and development program. While Functional Breadth is Multi business exposure via staff transfers, secondment, special assignments to give global experience and corporate exposure.

8. 0 FINDINGS

8. 1. Critically, this topic had extracted the main result that impacted the PROTON in Talent Development Program. Some of the various factors influencing the talent development in PROTON include:

National Automotive Policy,

Corporate Mission,

Leadership Styles,

Sustainability of the company

9.0 DISCUSSION AND RECOMMENDATION

9.1 The study found that PROTON development program was meant to prepare and maintain a ready supply of talent with the right leadership skills, to avoid experiencing succession planning gap when there is the need to fill critical positions with essential skill equipped talents. There was also the need to deploy strategically and technically to meet the business requirement of the company and to identify elite groups. Therefore the factors that influence Proton to develop its talent as highlighted earlier are National Automotive Policy, Corporate Mission, Leadership Styles, and Sustainability of the company.

National Automotive Policy as the external factor and Corporate Mission as internal factor that influence the talent development in Proton. It is because of Malaysia has set up the policy in order to give Proton a chance to the compete in the auto industry locally as well as globally as a result of the Liberalization policy by World Trade Organization (WTO). Besides that, sustainability of the company also became the factor in developing talent in order to survive in the market. As a result Proton needs to continuously develop and increase its Research & Development in order to compete with others and get to new global automotive business model such as JV. Collaboration and market orientation in order to survive during the global economic slowdown is essential due to less demand and over supply of cars as well as to reduce the skills gap among its employees. Last but not least, the leadership styles are one of the internal factors for talent development in Proton with regards to leadership skills and succession planning gap.

11.0 CONCLUSION

11.1 According to Bux, S. R. & Othman, H., 2010, Talent management is a process that emerged in the 1990s and continues to be adopted as more companies come to realize that their employees' talents and skills drive their business success. In order to see its impacts, a talent management system must be aligned into the business strategy and implemented in daily processes throughout the company as a whole. Proton, a brain-child of Malaysia's former Prime Minister, Tun Dr Mahathir Mohamad, produced the very first national car, Proton Saga that was launched on 9th July 1985. Proton assumes all its employees to have talent potentials that should be identified and liberated. These are being put into practice through the behavioural interview and role plays, 20 individual timed exercises, 30 minutes psychometrics based questionnaire, 360o assessment, case studies, as well as third party assessment. According to Bux, S. R. & Othman, H., 2010, Proton in its proactive planning, does a broader initiative by developing its "catchments area", a term used to indicate broader scope of identifying potential talents. In the line with this study, the factors that influence talent development should be the triggers for Proton to fulfill its corporate mission. Therefore, it is recommended that Proton needs to have a clear and bold strategy in talent development in order to sustain in automotive industry (Bux, S. R. & Othman, H., 2010). The purpose of the study as mentioned earlier was to examine factors influencing talent development in PROTON of which include implementing the National Automotive Policy, Corporate Mission, Leadership styles and Sustainability of the company. This has played a significant role in making PROTON one of the largest automobile manufacturers in Malaysia and playing a key role in OEM

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(Original Equipment Management) in South-East Asia and to also export talent in the world. The desired hope of the company is to raise Malaysia into a high income country with a highly skilled human resource through talent development and management as envisaged by the Government Transformation Programme.