



Review Article

Talent Management: A Conceptual Framework from Review of Literature and a Research Agenda

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To cite this article:

Faith Wanjira Muriithi, Muathe Stephen Makau. Talent Management: A Conceptual Framework from Review of Literature and a Research Agenda. *Journal of Human Resource Management*. Vol. 5, No. 6, 2017, pp. 90-94. doi: 10.11648/j.jhrm.20170506.11

Received: November 16, 2017; **Accepted:** November 29, 2017; **Published:** January 2, 2018

Abstract: With the emerging trends in human resource practices, talent management has become an area of concern globally. Talent management activities are occupying a very significant amount of organization resources. Most organizations have formed a link between talent management and the overall business strategies. Several studies have been carried out with the aim of finding out the impact talent management has on organization performance, as it has become very popular. This paper critically looks at studies conducted on the subject, identifying empirical and contextual gaps that exist in the literature subject, and proposing a conceptual framework on the subject. From the studies, talent management is at the centre of the survival of the profit organizations in the contemporary world and the stiff competitive business world. The study concludes that even though there is a high correlation between the management of talent, and both financial and non-financial performance of organizations, it would be of worth to include other variables which may include the organization strategies, its structures and policies, the leadership styles and beliefs and others that might be of help to explain the relationships extensively.

Keywords: Talent Management, Talent Attraction, Talent Retention, Learning and Development, Career Development, Organization Performance

1. Introduction

From a talent management perspective, today is a unique time. Boston Consulting Group argues that there has been an irreversible shift from lifetime employment.¹ There is a growing propensity for talent to move and a narrowing focus on high potential talent. There is also a shrinking pool of resources to spend on talent. However, there is a greater need to anticipate strategic shifts and their implications on firm performance.

Talent management is said to be intricate set of bonded human resource course that delivers an easy basic gain to an organization. The performance dividends are realized by organizations that maximum incorporates talent management practices. Integrated strategic talent management is an alternative to the talent management practice as the talent soars

up. In the Strategic talent management field, there ought to include the organization's culture and the task ought not to be the talent age came after the agricultural, industrial and knowledge age. In the agricultural era, land, a basic physical and tangible asset was what formed the root basis of the economy. Afterwards, the industrial era set in which was grounded on the manufacturing economy. It is by use of the most efficient factories and distribution networks that the business performance is boosted. Later the economic value was advanced where information assets was born via the integrated communications and computer technology. At the present time, the talent age, the war is on the tough competition for the finest people as they are said to be the true creators of value. According to various researches, the group that has the finest people are at a lofty platform than their competitors. It is crystal clear that outstanding financial performance is the end result of finer talent. Talent management is the strategy.²

1 Boston Consulting Group [BCG] (2009). *Creating People Advantage*. Boston, Mass: Boston Consulting Group.

2 Morton, L. (2004). Integrated and integrative talent management: A strategic HR framework, *Research Report R-1345-04-RR*, The Conference Board, New York, NY.

In the contemporary business environment, the markets have become global and competitive. Trends of global integration, are calling for all organizations to set specific standards in talent recruitment, development and management so as to put them in a better competitive level. Thus, it is up to the organizations to adjust to the dynamics of talent management and also to the local labour environment.³

It is clear that talent management takes a considerable quantity of the organizations' resources. This is supported by the Economist Intelligence Unit, which revealed that the Chief Executive Officers (CEO's) spent more than 50 per cent of their crucial time in talent related matters.⁴

Talent management is increasingly being carried out at national level, whereby the multi-national companies are striving to hang on to talent in every country they operate. Interested in identifying the rare talent that eventually boosts the firm's financial performance.⁵ Thus, talent management is gaining popularity in the modern time. To be logically relevant a nexus between talent management strategy and business strategy ought to be identified. There are the "champions and the losers as similar in business where there is success and failure". Thus, it is only an organization that practices talent management that has higher chances of winning the talent war.⁶ Consequently, top most consideration must be accorded to talent management especially by organization.

There are three major waves in which talent management was a focus and they resulted in varied outcomes. The first wave occurred between 1970 and 1990. The world was less predictable at this time. For this reason, workforce planning was extremely difficult. There was a growing reliance on professionally trained managers such as those with MBAs. Also, strategic thinking was being outsourced. The groundwork was also being laid for executive recruiting.⁷

The second wave of talent management occurred at the beginning of the 1990s to the mid-2000s. At this time, talent was acquired and shed through acquisition and layoffs. In this wave the term talent management was introduced in 1997 by a group of McKinsey consultants who coined the phrase the War for Talent. The lifetime employment contract began to disappear. Performance was crucial in maintaining employment. Talent mobility was also on the rise. There was mass disillusionment with large organizations. This led to the

rise of the outsider 'white knight' executive.⁸

The third wave of talent management began in the mid-2000s and is still occurring now. This wave was characterized by the end of the lifetime employment contract. Employees are not considered to be their own brands. There is also a rise of the freelance/contract workforce. Further, this wave resulted in a "rate my company" generation.⁹

2. Review of Literature

Talent management has attracted considerable attention from scholars on its relationship with organization performance. Most of the available literature has focused on the talent management and its components, and their effect on organization performance and the underpinning theories.

2.1. Theoretical Literature

The study is based on three theories linked on the Talent management, the Maslow theory, human capital theory and the talent DNA model. Though other theories have been used in explaining talent management, the researcher in this paper is convinced that the above theories cover the concept talent management.

In Maslow (1908-1970) need hierarchy theory, human needs are put into five categories starting with the physiological needs which ought to be satisfied first. An organization plays a part in satisfying the needs of the employee via good basis pay and good working environment.^{10 11} Maslow's theory is of great importance as it would draw attention to the employees through an enabling environment. Employees draw attention to an organization that gives employees the chance and opportunity to enhance their skills, as well as giving a high consideration of their wellbeing and growth needs.¹² This theory brings out the attraction and retention of employees. For an organization to attract and retain the best talents then there must be a high brand, considerate in employees' needs, and have a competitive way of meeting them.

Human capital theory comprises of human capital that constitutes: the skills of the employees, ability and knowledge.¹³ Human capital in this theory is seen as a part of organization's resource which can be endowed and is of great value as it makes the organization productive.^{14 15 16}

3 Stahl, G. K., Bjorkman, I., Farndale, E., Morris, S. S., Stiles, P., Trevor, J. and Wright, P. M. (2007). *Global Talent Management: How Leading Multinationals Build and Sustain their Talent Pipeline*. Faculty and Research Working Paper. Fontainebleau, France: INSEAD.

4 Economist Intelligence Unit (2006). The CEO's role in talent management How top executives from ten countries are nurturing the leaders of tomorrow. *A paper by the Economist Intelligence Unit in co-operation with Development Dimensions International (DDI)*, May.

5 Farndale, E., Pai, A., Sparrow, P., & Scullion, H. (2014). Balancing individual and organizational goals in global talent management: A mutual-benefits perspective. *Journal of World Business*, 49 (2), 204-214. doi: <http://dx.doi.org/10.1016/j.jwb.2013.11.004>.

6 Williams, M. (2000). *The War for Talent: Getting the Best from the Best*. London: CIPD.

7 Iles, P., Preece, D. & Chuai, X. (2008). Is talent management just "old wine in new bottles"? The case of multinational companies in Beijing. *Management Research News*, 31 (12), 901-911. <https://doi.org/10.1108/01409170810920611>.

8 Iles, Preece & Chuai, (2008). Ibid 7.

9 Iles, Preece & Chuai, (2008). Ibid 7.

10 Saleem, N. A. (2006). *Principles and Practice of management simplified*. Nairobi, Saleemi Publication.

11 Mwangi, M. (2009). *Factors Affecting Talent Management at Nation Media Group*, Unpublished thesis (business administration). Strathmore University.

12 Mwangi, (2009). Ibid 11.

13 Becker, G. S., (1964). *Human Capital*. New York: Columbia University Press.

14 Kessler, A. S., & Lulfesmann, C. (2006). The theory of human capital revisited: On the interaction of general and specific investments. *Economic Journal*, 116 (514), 903-923.

15 Lepak, D. P. & Snell, S. A. (1999). The human resource architecture: Toward a theory of human capital allocation and development. *Academy of Management Review*, 24 (1), 31-48.

16 Strober, M. H. (1990). Human capital theory: Implications for HR managers.

The relevance of this theory is that there is provision of talent management especially to the scholars with relevant structure so as to scrutinize an array of issues that are linked to human capital of the high levels. If organizations pursue goal congruence, and focus more on retaining top performers, the huge amount invested in top performers pays off with long term benefits to the organization. If employees are adequately invested in, well managed and retained, they will be innovative and creative, readily useful and available to the organization to do the right job for all the right reasons, and goal achievements becomes glaring and tangible.¹⁷

A talent management model was a proposal of the knowledge infusion. The talent DNA theory searches for a way that will fully accomplish the objectives of the organization. The basis of the model is primarily grounded on the 'DNA' concept that is composed of three elements: Key roles identification, competencies identification necessary for crucial roles. Talent DNA that forms the root ground for a linkage in the HR processes that include career planning and performance management.¹⁸

The relevance of the talent DNA model to the study is crucial in talent management and organization performance as it emphasizes on two components; Necessary skills and capabilities are outlined and must correspond to the job and organization needs. Thus, after identification of the three components, organizations can go ahead and employ the talent DNA model.¹⁹

2.2. Empirical Literature

Yllner and Brunila²⁰ carried out a study on talent management and the manner in which companies work towards retaining and managing technical specialists in a technical career. The researchers found out that Talent management is of great importance especially in the ever changing contemporary world as a strategic and competitive tool. In addition, when associated with corporate strategy, talent management becomes a motivating factor in realizing greater profits in the corporate world. Qualitative method was employed. The study was contextualized on oil and gas industry based in Norway. Furthermore, there was a comparison between the Norway industry and another in Sweden. The two were compared as they had similarity in variables used which were size and technical capabilities. An empirical and literature research resulted into a necessity of linking HRM activities with corporate strategy, re-classification of career concept was suggested and

incorporation of talent management in HRM activities. In addition, the development of the technical specialists was said to be a normal practice. A model based was a proposal that should act as guidance in the implementation of talent management.

A study on the effect of talent management centered on the performance of organizations was carried out in the listed companies in the Nairobi Securities Exchange in Kenya.²¹ The study was focused on an indepth analysis of the impact of talent attraction, the retention of talents, learning and development and the management of careers based on the performance of the organizations listed in NSE in Kenya. The findings of the study was that there was a positive immense impact between talent management and the performance of organizations. The study suggests that if talent management is heavily put into practice, the results will be a performance that is of superior significance in the organization world.

A study on learning and talent development conducted by CIPD, revealed that: In-house development programmes and coaching conducted by line managers were at the top of the list in the effective learning and development practices. Others identified included E-learning. In addition, senior managers and human resource department supervised the learning process. This was a survey of a number of organizations. Leadership skills, people management skills and business awareness were the major areas identified by top managers in order to fulfill the business objectives.²²

Kahinde, did a study in Nigeria centered on talent management; the study revealed that a high correlation between talent management, profitability and return on investment existed. Albeit, the index of talent management had a higher correlation at 3.72 than return on investment at 3.62 this was due to Nigerians' perception of the interest in profit making in all ways including management of talent.²³

All these studies have demonstrated a relationship between talent management and organization performance. However there is lack of similarity variable components used on both the talent management and organization performance.

3. Conclusion and Recommendation

3.1. Conclusion

From the studies, talent management is at the centre of the survival of the profit organizations in the contemporary world and the stiff competitive business world. Management of talent is normally perceived as a better organization performance linked to the strategy of the corporate is realised and thus suitable strategies ought to be executed for a better performance in the organization. From the finds, even though

Industrial Relations, 29 (2), 214.

17 Herbling, D. (2012). More than a third of NSE firms lack women directors. *Business Daily*, May 13.

18 Shravanthi, S. & Sumanth, G. (2008). Talent DNA Model. *Journal of Human Resource Management*, 22 (1), 78-85.

19 Subramaniam, I. D. & Mahan, P. (2012). Determinants of successful talent management in MNCs in Malaysia. *Journal of Basic and Applied Scientific Research*, 2 (12), 12524- 12533.

20 Yllner, E. & Brunila, A. (2013). *Talent Management – Retaining and Managing Technical Specialists in a Technical Career*. Master of Science Thesis KTH Industrial Engineering and Industrial Management, Stockholm.

21 Lyria, R. K. (2014). *Effect of Talent Management on Organizational Performance in Companies Listed in Nairobi Securities Exchange in Kenya*. xviii.

22 CIPD (2010). *The Talent Perspective: What does it Feel Like to Be Talent-Managed?* London: CIPD.

23 Kahinde, J. S. (2012). Talent management effect on organization performance. *Journal of management research*, 4 (2) 76-88.

there is a high correlation between the management of talent, and both financial and non-financial performance of organizations, it would be of worth to include other variables which may include the organization strategies, its structures and policies, the leadership styles and beliefs and others that might be of help to explain the relationships extensively.

Most studies adopted a descriptive research design covering particular samples of the target population. Case study was also used in some studies. Semi structured were commonly used, a technique that is good especially when the population is large and diverse. Methodology appropriate was adopted from what other researchers had used. This study is both quantitative and qualitative in nature thus both descriptive statistics and inferential statistics are appropriate. Both descriptive and cross-sectional survey research designs will be adopted. Stratified sampling will be most appropriate as the study involved groups of respondent. Stratified sampling enhances balanced respondents from the specified groups. In this study the population is divided into subgroups or 'strata,. Use of both primary and secondary data will be adopted with the use of Semi structured questionnaire comprising of both open-ended and close-ended. Multiple Regression analysis will be employed to analyse the data collected.

3.3. Proposed Conceptual Framework

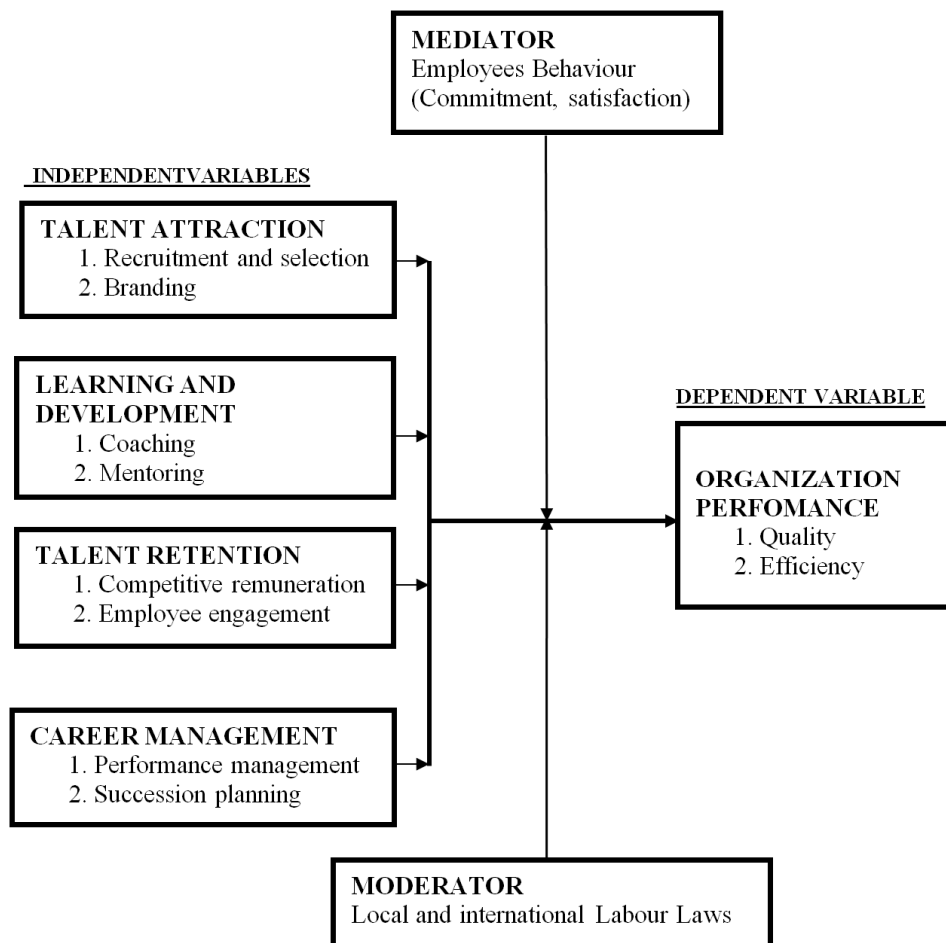


Figure 1. Conceptual Framework.

3.2. Recommendation

The purpose of this study was to identify research gaps in available literature on talent management and use of information gathered to propose a conceptual framework and form a research agenda for the researcher. It is evident from the reviewed literature that there is a lot that has been done and yet a lot more that still needs to be covered. The researcher recommends that research be carried out in the following identified areas which have not been adequately covered;

In a context of micro and medium organizations in an entire sector, as most studies reviewed were macro enterprises in large countries. The micro organizations involved were case studies.

A combination of both descriptive and inferential statistics should be considered. The reviewed studies involved only one methodology and the most common was descriptive.

Research should also be carried out with consideration of other intervening variables. Most reviewed studies showed a direct correlation between the dependent and independent variables.

Finally the researcher recommends that investigation be carried out to establish whether and how the labour laws affect the relationship between talent management and organization performance, and the below proposed conceptual framework.

Research Hypotheses

1. H₀₁: Talent attraction does not significantly influence performance of organizations
2. H₀₂: Learning and development does not significantly influence performance of organizations
3. H₀₃: Talent retention does not significantly influence performance of organizations
4. H₀₄: Career management does not significantly influence performance of organizations
5. H₀₅: Labour and international labour laws do not have a significant moderating effect on the relationship between talent management and performance of organizations
6. H₀₆: Employees behaviours do not have a significant mediating effect on the relationship between talent management and performance of organizations

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