Talent Management as a Determinant of Firm Performance: A Conceptual Approach

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Abstract

This study attempted to clarify the growing concept of strategic talent management and highlights its effect on organizational performance. This study employed archival method and as such extant literature was reviewed and collated for development of propositions. These propositions were developed based on the findings from the literature. Regardless of the increasing reputation talent management has and more than ten years of discussion as well as publicity, the idea behind talent management is still vague. Huge ambiguity still exists in the meaning and latitude of the concept. The recent expression ‘talent management’ has been initiated in the last decade. The term "Talent Management" was initiated recently to provide a single solution for the issues relating to the attraction and retention of qualified workforce. Talent management is beset with misunderstandings, doubts and lack of clarity, implying that the subject is not grounded in practice and thus reinforcing why it is viewed by many experts as a puzzle. Also, the effect talent management has on the outcome of an organization remains an issue particularly wherever only high ranked staff are considered the talents in an organization. This paper advocates the continuous training of personnel to obtain the required level of capacity of employees. The work-force who is involved in the talent management program is expected to be more innovative and contribute excellently to the success of the organization.

Key words: Talent, Talent Management, Organizational Performance.

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1. Introduction
In order for an organization to increase its performance, resources such as money, men and materials need to be put in place. The most important of the resources is the people (Kehinde, 2012). Recent human resource practices are improving groups and managerial performance. Human Resource does not only involve recruiting, hiring, placement and compensation but is now a more systematically organized field and equally as essential as the financial and marketing matters of an organization. The recent expression called talent management was initiated in the last ten years amid radical description of talent as well as talent management (Khan, Ayub & Baloch, 2013). Therefore, the term "Talent Management" was initiated recently to provide a single solution for the issues relating to the attraction and retention of qualified workforce. The workforce who are involved in the talent management program are expected to be more innovative and contribute excellently to the success of the organization. In the past, organizations assumed that having good people is an essential tool for enhancing performance but following the concept of talent management, a lot of those organizations assumed that having suitable talent all through the organization is a significant basis to gain competitive advantage as well (Abbasi, Sohail, Cheema & Syed, 2013).

The concept of managing talent involves the application of incorporated approaches or systems intended to augment business efficiency through improving the methods of drawing, increasing, keeping and using personnel that have the necessary expertise and ability to satisfy the existing and prospective needs of a business (Kehinde, 2012). Collings & Mellahi (2009) describe the strategic management of talent as actions as well as procedures which include an efficient recognition of chief spots that despairingly add to an organization’s maintainable aggressive benefit, expansion of an endowed group consisting of high potential as well as high performing officers to occupy the roles, as well as establishment of a unique personnel structure to enhance satisfying the spots through qualified personnel as well as ensuring continuous dedication towards a business. Richard, Audrey & Scott (2011) clarified talent management requirements along various facets which include the appeal for increases in the management of talent, physically powerful as well as healthy human resource constitution within a business. If an organization wants to succeed, managing the workers capacity to get certain circumstances in a business such as excellent environment of business should be invested in (Snell, 2007). Managing endowment could be a problem in businesses from the globalization perspective regardless of the nation (Gardner, 2002). A study by Sabado (2012) showed universal management of capability in multinational companies to be reasonably employed as well as fairly successful in acquisition, development, evaluation and maintenance of personnel, According to Kehinde (2012), a current work reveals that about 85% of personnel managers are of the opinion that "single greatest challenge in workforce management is creating or maintaining their companies' ability to compete for talent". A review of various companies in Nigeria shows that talent management is moderately implemented in multinational companies while small businesses face some constraint like lack of specialized expertise. This therefore brings about the comparative nature of the study carried out and the examination of these companies.

Regardless of the increasing reputation of managing talent as well as more than ten years of deliberation and publicity, idea of managing talent is still vague. Lewis, Heckman & Tuzinski, (2004) emphasize an alarming ambiguity concerning the meaning, extent as well as general objects of talent management, an opinion which also exists in the practitioner literature. Buhler (2008) acknowledges that organizations cannot contend successfully without talented people; but does not shed light on who the talented people are. Talent management is beset with misunderstandings, doubts and lack of clarity, implying that the subject is not grounded in practice and thus reinforcing why it is viewed by many experts as a puzzle (Stahl et al., 2012). The effect that talent management has on the outcome of an organization remains an issue particularly in situations that just high ranked staff are considered the endowments of a business (Kehinde, 2012). It is on this basis that this paper aims at clarifying the growing concept of strategic management of talent as well as highlights the effect on the outcomes of a business.

2. Literature Review, Conceptualization of the Relationships and Hypothesis
Some researches that connect talent management with organizational outcomes are now in print (Maya & Thamilselvan, 2013). Hence, prior studies always realized an affirmative association of talent management and organizational performance (Maya & Thamilselvan, 2013). A study conducted by Maya &
Thamilselvan (2013) reveals that organizations that are involved in the management of talent perform better financially when placed side by side with other organizations operating in the same industry. McCauley & Wakefield (2006), in their study stated that organizations should shift their human resources focus away from administration to building tactics for business partner so as to incorporate the standards and activities for the enhancement of a business to the conventional. Abbasi, Sohail, Cheema & Syed, (2013), in their study communicated to the Pakistani organizations that talent management is not an alien practice in this culture, instead, it may be used as a helpful tool for employee attraction, retention, development and improves the organizational performance in a very competitive environment. Talent management anticipates human resource activities like recruitment forecast, staffing and selection, teaching, mentoring, learning and enlargement, management of outcomes and also payment and reward management (Abbasi, Sohail, Cheema & Syed, 2013). The findings in the study by Abbasi, Sohail, Cheema & Syed, (2013) also revealed that if given appropriate attention through employee skills development and job enrichment, talent management enhances the employees' present and future performance. According to a study by Kehinde (2012) the management of talent is now central for survival of profit-making organization in contemporary organizations universally. Talent management is also necessary for a viable business environment today. Based on the literature on talent management and organizational performance, the proposed conceptual model integrates training and development, motivation, personnel planning and management of outcomes that influence performance in an organization. The spread of globalization signified a severe struggle between global companies for skilled labor force and nations started to compete for good talents (Fakhreldin, 2013). Their major aim was to have head-hunters to take good talents from their competitors (Fakhreldin, 2013). Thus, businesses contend themselves to obtain as well as keep personnel to sustain its activities and as well as growth (Gardner, 2002). According to Williams, (2000) “in the war for talent there are winners and losers, like in business there is success and failure”. Most of the prior studies assessing the influence that managing talents has on the outcome of an organization were carried out on talent identification, attraction, growth, management, engagement, retention as well as high feat while the other areas i.e. Human Resource planning, compensation and motivation are still unexplored areas in the field of talent management. Talent management also involves motivation, human resource planning amongst others. All these variables would be used in the proposed conceptual model.

3. The Conceptual Model

The conceptual model presented below shows the different relational links in the talent management and organizational performance relationship. The first part of the model conceptualizes training and development and productivity. The second part conceptualizes the relationship between motivation and employee satisfaction. The third depicts connection of personnel planning with work environment. Finally, linkage of performance management and organization effectiveness and efficiency are depicted in the fourth part.

Figure 2.1.1. Model of the relationship between human resource management practices and organizational performance

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3.1 Training and development

Training denotes an attainment of the proficiency, information and ability needed for carrying out activities through coaching (Kum, Cowden & Karodia, 2014). Noe, Hollanbeck, Gerhart & Wright (2003) defines training as “a planned effort to facilitate the learning of job-related knowledge, skills, and behaviour by employees”. Training shapes the approaches of employees and enables the significant addition to the business (Obisi, 2011). Training as well as development makes up corresponding elements within a procedure (Obi-Anike & Ekwe, 2014). They are extremely important to the success of employees and the organization (Devi & Shaik, 2012) and are at times used consecutively. However, development covers not just the activities that enhance job performance, but also those that leads to growth of personality (Obisi, 2011). Development is a long range educational process exploiting a systematic and organized process whereby managerial personnel acquire conceptual and theoretical knowledge for general purpose (Obisi, 2011). It implies the activities involved in offering trainings, seminars, tutoring, counseling, or further education avenues to personnel to instigate, dare, and stimulate them to carry out their position’s duties with all their best capacity within principles provided by local, state, Federal and licensing organization guidelines (Obi-Anike & Ekwe, 2014).

3.2 Productivity

Organizational productivity constitutes the fundamental managerial ambition in today’s business setting (Jamal & Wayne, 2007). Amos, Hellriegel, Jackson, Klopper, Louw, Oosthuizen, Slocum & Staude (2008) describes the productivity of an organization as the proportion of inputs to outputs, in situations wherever the determinants of the productivity of an organization are performance effectiveness and efficiency. According to Bhatti & Qureshi, (2007), productivity may be described as a measure of performance that encompasses efficiency as well as effectiveness. In recent times, productivity has been recognised as the relationship between the outcome of an organization and the input as well as the work quality with respect to employees emotional response within the organization (Pavlov and Bourne, 2011). Productivity refers to the ratio depicting the amount of job finished within a stipulated period (Ismael, Nor‘Amin, Davoud, 2010).

3.3 Effects of training and development on Organizational productivity

The lack of effectiveness in the learning as well as development activities of personnel within an organization decreases an organization’s level of efficiency because organizations rely on keeping personnel with appropriate proficiency, approaches and competences so as to attain ends successfully (Kum, Cowden & Karodia, 2014). Employee development together with training is the main feature for the establishment of human capital, that affects the continuing productivity of a personnel’s behavior (Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono & Werner, 2004). Whereas training focuses on the personnel’s present job, development gets employees ready to take on potential job requirements (Kum, Cowden & Karodia, 2014). Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono & Werner (2004)summarizes the impacts of training and development on organizational productivity to include: improved accomplishment of valuable assignments, decrease in breakdown and imperfections in assignments, decline in personnel turnover, minimum control requirements, the capacity for advancement, better abilities to take on other assignments as well as alterations of personnel behavior. A Study by Apospori, Nikandrou, Brewster & Papalexandris, (2008) indicated a considerable influence that training as well as development has on the outcome of organizations. Subramaniam, Shamsudin & Ibrahim (2011) stated that training and development can influence organizational performance since employees’ skills, knowledge and abilities can be improved and up to date. Another study by Dimba, (2010) established that there are impacts and relationship between training as well as development on performance of organizations. Therefore,

*Training and development is positively related to organizational productivity (Proposition 1).*

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3.4 Motivation

Motivation refers to the focus as well as the strength of a person’s effort, in the direction of a desired goal (Shahzadi, Javed, Pirzada, Nasreen, Khanam, 2014). Mee-Edoiye & Andawei (2002) considered it as a human engineering method that is activated by the requirements of people. It refers to a complex inside procedure involving three constituents: the things that prompts people to act in specific manners, their behavior and what sustains such behavior (Bonsu & Kusi, 2014). According to Halepota (2005) motivation is “a person’s active participation and commitment to achieve the prescribed results.”

It is an employee’s driving force to meeting particular organizational ends (Shahzadi, Javed, Pirzada, Nasreen & Khanam, 2014). In addition, inspired personnel are extremely occupied and caught up in their jobs as well as tasks and are eagerly accountable (Kuvaas & Dysvik, 2009). Some factors that can determine an employee’s level of motivation includes both the intrinsic and extrinsic factors. Intrinsic motivation means doing something because it is naturally interesting or enjoyable (Yin & Yang, 2012). There are many elements of intrinsic motivational factors and they include: job autonomy, professional growth, leadership, workload and work contentment (Yin & Yang, 2012). Extrinsic motivation is a situation where someone does something because it leads to a separable outcome (Mullin, 2010). There are a variety of components of extrinsic motivational factors which include: pay, bonus programs, profit sharing and stock options (Mullin, 2010).

3.5 Employee satisfaction

According to Moyes, Shao & Newsome (2008), employee satisfaction is defined as an employee’s state of happiness in his place of work. Shahu & Gole (2008) observed that employee satisfaction is a combination of many characteristics of the job that may include the working conditions of the job, the compensation, inter-personal skills of the employee in comparison with his equals and supervisors, the set of laws, regulations and policies of the organization and the main core nature of the job (Akinyele, Adegbuyi, Ogbari & Ahamdu, 2013).

Fajana (2002) in his work listed many factors that collectively influence a personnel’s state of satisfaction and they comprise: management, design of job, conditions of work amongst others Cockburn & Haydn (2004) propose a major difficulty to be the reluctance of employees in organizations to talk about their job satisfaction and they do not accept that their jobs may not be satisfying. Consequently, supervisors discover that it is hard to know if there is job satisfaction in the organization. Cockburn & Haydn (2004) also found that a number of personnel may not know of their job satisfaction predicament. Weallens (2000) opines that a large number of employees may be aware that there is a satisfaction problem.

3.6 Effect of motivation on employee satisfaction

Employees with inadequate drive to succeed can destructively influence the morale of others in the organisation, hampering business performance. Increased gossips and complaints exist among the ranks. This could lead to dissatisfaction with their jobs and ultimately employee turnover. Studies conducted point out that motivation brings about employee satisfaction (Ampofo, 2012; Kabir & Parvin, 2011; Khalid, Salim & Loke, 2011; Ahmed, Nawaz, Iqbal, Ali, Shaukat & Usman, 2010). Ahmed, Nawaz, Iqbal et al (2010) emphasise that the factors of motivation play a major role in increasing employee satisfaction. In a study by Khalid, Salim & Loke (2011) that assesses the influence rewards and motivation has on job satisfaction, they found that motivation influence employee job satisfaction positively.

Motivation is positively related to employee satisfaction (Proposition 2).

3.7 Human resource planning

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Planning has to do with determining what, how and when things should be done to achieve the goals of the organization (Williams, 2000). Dessler, (2001) stated that planning for personnel is a continuous procedure which is not fixed and involves a lot of interconnected actions that should be tailored and reorganized as situation requires. It involves planning and developing personnel activities such as staffing, performance appraisal, as well as training to guarantee that personnel requirements are met (Anyadike, 2013). The human resources planning refer to a process of guiding activities associated with human resources management (Mursi 2003). Dessler (2001) also sees human resource planning to include employment planning which involves the process of devising plans to fill potential openings on the basis of an analysis of the positions that are likely to be open and if they will be filled internally or externally. It can generally be seen as the activities that involve processing people into, through, and out of the workplace (Anyadike, 2013). Human resource planning refers to a management activity which involves a thorough analysis of present workforce, job requirements in other sources and building people that will run the structures of the evolutionary organization now and in the future so as to ensure the achievement of objectives (Ogbari, Obigbemi, Atolagbe, and Ojo, 2016).

3.8 Organizational efficiency

Efficiency assesses the connection input has with output and how productively inputs can be converted into outputs (Low, 2000). According to Pinprayong & Siengthai (2012) business efficiency differs from organizational efficiency. The first shows the outcome of input as well as output quotient, whereas the latter shows the development of in-house procedures of the organization, like its structure, culture and community. Exceptional efficiency within an organization can enhance its outcomes with regards to supervision, output, value and prosperity (Bartuševičienė & Šakalytė, 2013). Efficiency is basically all about distribution of resources across alternative functions (Kumar & Gulati, 2010).

3.9 Effect of human resource planning on organizational efficiency

According to Mursi (2003), there exists a noteworthy and affirmative association between personnel planning and the outcomes of an organization. In another study by Hiti (2000), human resource planning shows a constructive connection with organizational performance. Therefore:

Human resource planning is positively related to organizational efficiency (Proposition 3).

3.10 Performance management

Performance management embraces all actions to ensure that the aims of the organization are continuously attained efficiently and effectively (Homayounizadpanah & Baqerkord, 2012). According to Neely, Mills, Platts, Richard & Bourne (2000) performance management is “the process of quantifying the efficiency and effectiveness of past actions through acquisition, collation, sorting, analysis, interpretation and dissemination of appropriate data”.

Martinez (2001) defines performance management as “Essentially about measuring, monitoring and enhancing the performance of staff, as a contributor to overall organizational performance”.

3.11 Organizational effectiveness

Effectiveness means achieving organizational aims that are expressly connected to stages of customer satisfaction, whereas efficiency relates to the price of resources used with respect to achievement of ends (Amos, Hellriegel, Jackson, Klopper, Louw, Oosthuizen, Slocum & Staude, 2008). Organizational effectiveness is a perception that explains how effectual an organization is in attaining the outcome it wants to produce (Oladimeji & Akingbade, 2012). Effectiveness relates to the extent that a business attains its aims or how outputs interrelate with the environment, both economically and socially (Bartuševičienė & Šakalytė, 2013). Normally, effectiveness establishes the procedural organizational aims or the extent that a business achieves its own aims (Zheng, 2010).
3.12 Effect of performance management on organizational effectiveness

Some organizations do not make attempts to undertake performance management reviews and some executives blame it on supervisors that have insufficient facts on performance review techniques that could have great effect on the performance of personnel for better effectiveness in the organization (Esu & Inyang, 2009). Performance management concentrates on means to influence personnel to enhance their performance (DeNisi & Pritchard, 2006). Chompukum (2011) mentioned a study by McDonald and Shield of Hewitt Associates which concluded that businesses that conducted programs on performance management realized higher revenues than those that did not. It does not automatically bring good results because a number of ineffective performance management may exhaust the confidence of employees and influence the attitude of employees as well as the company’s ability to attain its strategic purpose (Chompukum, 2011).

Performance management is positively related to organizational effectiveness (Proposition 4).

4. Theories of Talent Management

These theories affords healthier perceptive into the idea of talent management and they include; Reinforcement Theory, Social Learning Theory and Human Capital Theory.

4.1 Reinforcement Theory

Reinforcement specifies that people that would possibly take on a preferred behavior if they are rewarded for such behaviour (Lyria, 2013). Conducts that do not attract incentives may not be replicated as people replicate conducts which attract some form of compensation and avoid conducts that are punishable. Therefore, supervisors can control low level workers by encouraging actions that they feel are positive (Nzuve, 2007). Fortification is offered just frequently enough to guarantee that conducts are replicated (Saleemi, 2006). The support of behavior is related to learning and development approaches used by a trainer to conduct employee coaching, mentoring and the on-the-job training of employees.

4.2 Social Learning Theory

Albert Bandura set off the social learning theory in 1977 which is a very prominent theory of learning and development. He opined that all forms of learning comprise of a social element, signifying the idea that novel information and conducts can be obtained by watching other people, (Lyria, 2013).

4.3 Human Capital Theory

It suggests that fiscal advantages for both individuals and organizations can be gotten from investing in people (Sweetland, 1996). Besides, talent management and its association to the outcomes of a business can be clarified through the resource based theory that makes details of how organizations can create significance by supervising their resources and people available (Ngari, 2012).

5. Theories of Organizational Performance

This describes the three Es: Economy, Efficiency and Effectiveness as it relates to organizational performance.

5.1 The Three Es: Economy, Efficiency and Effectiveness

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Van Der Walt (2004) said that economy, efficiency and effectiveness are seen as stand alone parts to assess service delivery and performance. Economy is the value of inputs consumed in the process of production, efficiency is the value of inputs consumed per unit of output whereas effectiveness is the extent that the result of a program does well to achieve the required objectives or priorities (Van Der Walt, 2004).

**Figure 2.2.1. The Three Es: Economy, Efficiency and Effectiveness**

![Diagram of Three Es: Economy, Efficiency, and Effectiveness](Source: Van Der Walt (2004). The Three Es: Economy, Efficiency and Effectiveness, p 180.)

6. **Discussion and Conclusion**

This paper presents a model that provides a conceptual argument that talent management performs a significant function in the determination of an organization’s performance. It reveals that the management of people has grown to be central for the survival of modern and competitive businesses. Business organizations should take note of the concept behind management of talent; the reality that movement of labour is extremely high today has made the issue of talent management very essential to contemporary management as well as government particularly in rising nations. Worthy of note is the fact that businesses should continually train their labor force to grow the required skills in the workforce.

**References**


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