

# Chapter 17

## Fundamentals of Talent Management: Capitalizing on Intellectual Assets

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### **ABSTRACT**

*This chapter explains the overview of talent management (TM); the characteristics of global talent management (GTM); TM and human capital; TM and career development; the emerging trends of TM in the modern workforce; and the significance of TM in the digital age. TM is a continuous process that involves sourcing, hiring, developing, retaining, and promoting talented employees while simultaneously meeting organization's requirements. TM involves individual and organizational development in response to a rapidly changing business environment. The best TM plans should be effectively aligned with organization's strategic goals and business needs. Business leaders who implement the best TM processes are more prepared than their competitors to compete in the global economy and quickly capitalize on new opportunities. Executives and HR managers need to support the TM-related development of their talented employees to make necessary progress in the modern workforce.*

### **INTRODUCTION**

Talent management (TM) focuses on developing and retaining talented people that are important for an organization's future (Kim, Williams, Rothwell, & Penaloza, 2014). TM has become one of the most prevalent topics in the field of people development for practitioners and researchers (Collings, 2014). TM relates to the leadership studies that increasingly tries to measure the tangible contributions that individuals make to the improved organizational performance (Kirwan, 2009). As modern businesses have to be globally integrated, talent should serve as an influential source of competitive advantage (Tajuddin, Ali, & Kamaruddin, 2015). Most TM processes are driven by the need to define and identify characteristics which indicate greater ability when compared to others (Ross, 2013). Effective TM is a major contributor to the success of businesses (Joyce & Slocum, 2012).

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## ***Fundamentals of Talent Management***

Talent is associated with innate ability and creation, and can be effectively developed through training and development programs in the organization (Butter, Valenzuela, & Quintana, 2015). Talent includes human capital, social capital, reputational capital, and intellectual capital (Sparrow, Scullion, & Tarique, 2014). Talent is the collective knowledge, skills, abilities, experiences, values, habits, and behaviors of workforce brought to bear on achieving organizational mission (Schiemann, 2014). TM strategy tries to ensure that the existing talented, worthy, and committed people are contributing in achieving the existing and future needs of organization, and this procedure is called the talent pool. Talent pool describes an accumulation of talented employees who have been identified as talented (Tansley, 2011).

TM literature reflects a belief in systems and tools that can help executives and human resource (HR) professionals solve TM challenges in modern organizations (Thunnissen, Boselie, & Fruytier, 2013). TM raises institutional awareness and is a supportive tool for human resource management (HRM) (Karatop, Kubat, & Uygun, 2015). TM includes various processes (e.g., performance management, succession planning, career development, workforce planning, recruitment, and selection) in order to optimize talented people in the organization (Farley, 2005). The staffing of an organization's key positions is a major element of TM (Claussen, Grohsjean, Luger, & Probst, 2014). Organizations need talented employees to maximize their organizational performance (Vural, Vardarlier, & Aykir, 2012).

This chapter aims to bridge the gap in the literature on the thorough literature consolidation of TM. The extensive literature of TM provides a contribution to practitioners and researchers by describing the theory and applications of TM in order to maximize the business impact of TM in the modern workforce.

## **Background**

Interest in TM in the business context came in the 1990s by a group of McKinsey consultants coined the phrase, "war for talent" in the late 1990s to emphasize the critical importance of employees to the success of top performing companies (Michaels, Hanfield-Jones, & Axelford, 2001). The HR planning movement of the 1980s and early 1990s provided the intellectual roots of TM (Sparrow, Cooper, & Hird, 2014). By the late 1990s and early 2000s, TM was being utilized as a label in its own right, with debate focusing on how organizations could develop, sustain, and manage the pools of talent, execute a talent mindset into organizational culture, align various HR programs to the needs of talent, pursue external recruitment, and develop internal talent development.

In early 2000s, TM emphasized the forecasting of staffing needs to meet business needs, succession planning, and short-term management accomplishments (Cascio & Boudreau, 2016). TM expands as a theory and practice across countries and emerging markets (Sidani & Ariss, 2014). TM is a relatively new research stream (Scholz, 2012). Businesses and consulting firms have been driving the practice and discourse on TM, while the academic field of TM is characterized by a lack of theoretical frameworks (Ariss, Cascio, & Paauwe, 2014). Many researchers consider the multi-stakeholder perspectives on the impact of TM and on the improvement of organizational effectiveness (Schuler & Jackson, 2014).

The academic interest in TM has partly arisen because, as in various areas of HRM (Jackson, Schuler, & Jiang, 2014), multinational corporations (MNCs), supported by consultancies, have adopted the terminology as they have begun to search for new options. A key to these options is people who can perform as the organizational boundary spanners between the local context and headquarters by having dual cultural schemas and bilingual skills (Furusawa & Brewster, 2015). Many academicians contextualize TM by investigating its utilization in various areas, such as small and medium-sized enterprises (SMEs)

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