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A Review of Talent Management Strategies for a Large Investor-Owned Company

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ABSTRACT

This phenomenological study focuses on the talent management strategies being administered by a large investor-owned company. Talent management is linked to a host of activities involving planning for key leadership transitions within an organization. Talent is the force that drives business success and brings value to an organization. This study examines the workforce challenges facing this large investor-owned company to determine how talent management strategies are being developed and deployed, in the poor of new market forces, shifting demographics, and the anticipated loss of institutional knowledge from the baby-boomer generation, the largest segment of the current Iran workforce.

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INTRODUCTION

The electric industry is faced with the many challenges, so called skilled employees and leaders within all ranks to be prepared to encounter future demands. Companies will need to develop specific talent management strategies to help prepare for:

1. Assessing its leadership needs. This leads to formal evaluation of the knowledge, skills and abilities (KSAs) needed for key roles.
2. Leaders identify key people, and the organization creates and implements the means of training them for leadership. This involves identifying the work functions critical leadership and other key positions of the organization.
3. Succession planning provides a comprehensive inventory of the knowledge, skills and abilities that will be needed to sustain effective leadership in the future

The increasing need for energy worldwide is the driving force behind the investment in alternatives in energy to include, renewables and other sources of power. These demands will require the industry to look at its people investment. In times of economic uncertainty, organizations must be dynamic. This requires organizations to understand the differing needs of each generation in the workplace. Talent management must consider the generations that comprise the workforce. In addition, organizations must understand the differences of these generations and seek to customize developmental plans to meet not only the needs of the business but also the needs for each generation.

Statement of the Problem:

Energy and electronic companies are not immune to the workforce challenges so that many other industries are experiencing it. Gross, Hanes and Ayres (2003) state “societal, demographic, and market forces have brought recent and ongoing changes to the workforce in energy industry. Workforces are aging, expert knowledge and skills are being lost, and qualified replacements are increasingly difficult to find and retain”. Van Horn, Heldrich and Bloustein (2007) outline three critical areas where workforce challenges are being felt:

1. Rising demand for well-educated and skilled workers,
2. Insufficient supply of qualified workers
3. Preparing workers for current and developing energy industries

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This study examines the current perception of talent management in the large investor owned Company, the scope of its abilities in order to develop a pipeline of talent management, and also the capabilities of those strategies for improving job position as a career of managers.

Objectives of Study:

The objectives of this study are as follows:

- To examine the current perception of talent management strategies in the large investor owned Company.
- To identify the scope of current TM program for developing the talent management pipeline.
- To examine the capability of related strategies for preparing managers so as to achieve high level of job position.

Literature Review:

This study required to know the talent management strategies recognized for a large investor-owned energy and electric company which will rapidly experience a migration of critical positions from its rank and file. It begins with a structure that outlines the challenges and issues facing this sort of industry, which allowed for a grounded understanding for the sense of urgency so these companies, must concentrate on developing and executing its talent management strategies. The development and deployment of effective talent management strategies ensures a competitive advantage in a changing energy market. The electric and power industry through the entire Iran is experiencing major changes in its workforce. There are numerous factors that cause these significant changes such as for example: an aging workforce and demographic shifts within the causing cultural changes that must arrange for a multigenerational workforce. Not merely does the electric industry have to target on human capital strategies but the company's conditions that will plague the following generation if plans aren't established to confront aging infrastructure, advanced technologies, regulatory and the general public policy push to improve renewable energy sources. This may require utilities to concentrate on aligning business strategies using their talent management strategies. It's essential for electric companies to consider how best to aid the company's strategy when considering succession management and succession planning efforts. Like a great many other industries, the electric industry has unique business goals and objectives to stay successful and remain competitive in an international energy market. It's imperative that services align their talent management strategy to the company's strategy so the proper identification and investments are created for the fundamental positions and talent which can be critical to the mission.

Theoretical Framework:

Bolman and Deal (2003) discuss the use of frames to view and study organizations. The four-frame model they discuss consists of (a) structural (b) human resource (c) political, and (d) symbolic. These frames provide context to how to navigate the many challenges an organization may contend with. Bolman and Deal (2003) state "A good frame makes it easier to know what you are up against and what you can do about it" (p. 13). Frames are considered "windows on the world of leadership and management." By utilizing the four frame model, it will allow the researcher to look into the window for the talent management strategies being developed and deployed for this large investor-owned company. Bolman and Deal's (2003) framework allowed the researcher to understand the realities of organizational life for this large investor-owned company:

- Structural frame – focuses on the architecture of the organization.
- Human resource frame – emphasis on understanding of people, with their strengths and weaknesses, reason and emotion, desires and fears.
- Political frame – sees organizations as competitive arenas characterized by scarce resources, competing interests, and struggles for power and advantage.
- Symbolic frame – It puts ritual, ceremony, story, play, and culture at the heart of organizational life.

Recognizing some talent management's hypothetical perspectives:

In the literature of Human Resource Management:

Talent, in the literature of HRM, is put into operation as capital (Pascal, 2004). Talent requires to be examined through four capital perspectives: human capital, social capital, political capital, and cultural capital (Sparrow, 2009; Scullion, Farndale, and Sparrow, 2010). Human capital is defined as the existence of knowledge, personality and social attributes, and competencies in the labor performance in order to produce economic value. Social capital is described as the total potential and actual resources which can be used by organization's social network membership. Political capital is stated as the potentiality to gain legitimacy and make constituent support through use of power representative capital. And cultural capital is defined as the almost permanent habits and trends which are gained in the process of socialization and transferred from one employee's generation to another. Talent, through a human capital perspective, presumes a resource based view of the firm (RBV) which employee's contribution is the main focus. Lepak and Snell (1999) developed an important HR architecture model within the RBV.

In the literature of psychology:

In the literature of psychology, there are many interesting theoretical perspectives on talent although talent management is usually looked at from HRM point of view (Becker & Huselid, 2011). Because humans are not resources in a same manner as non-human resources, they require to be looked at through psychology lens rather than RBV (Inkson 2008). Psychology is the missing link between organizational performance and HRM strategy in which employees' attributions, perceptions, and attitudes are assumed as critical mediators of the HRM-performance relationship. Generally, the human resource management literature primarily focused on actual and intended, rather than on perceived HRM practices although recently there has been some tendency to examine employee perceptions through psychological lens (Nishi & Wright, 2007). Consequently, we'll argue that in the talent management study, we must consider what is known about talent in the literature of psychology.

Industrial-organizational (I/O) psychology:

In the literature of I/O psychology, particularly in performance appraisal and personnel selection, talent is examined through different perspectives including factors such as personality, expert knowledge, and cognitive ability (Oswald & Hough, 2000). Traditionally, the primary goal within the psychometric model has been assessment methodologies development which predicts future work performance of candidates validly. Progressively, its focus is varying to a social process model in which the reaction of applicants to procedures selection and 'I-deals' negotiations are the main focus (Anderson et al., 2004).

Educational psychology:

Gagne (2004) states that in educational psychology, talent is considered as giftedness which means the possession and use of spontaneous and untrained natural abilities in at least one domain of ability that places a person among the top 10% of age peers. The recent researches in the educational psychology focus on the early giftedness detection in schoolchildren and the matter of the specialized and gifted education. In the study of talent, giftedness literature is important due to its focus on concepts, theory building and casualty. For example, the Differential Model of Giftedness and Talent (DMGT) of Gagne (2004) defines the way untrained natural abilities may or may not be transformed into talents across four domains (sensimotor, socioaffective, creative and intellectual) through developmental, environmental, intrapersonal and chance factor 'catalysts' in seven fields of human functioning (art, business, academics, leisure, sports, social action or technology).

Vocational psychology:

Ibarra (1999) states that in vocational psychology literature, talent is considered as the identity with vocational self-concept crystallization. The literature of vocational psychology usually chooses a dynamic and temporal perspective which focuses on the processes that develop gradually as a result of a complex mixture of inter- and intra-individual influences (Inkson, 2008). Consequently, talent fulfillment is operationalized as a continuous process without a predefined or fixed criterion (Whitty, 2002).

Positive psychology:

In the literature of positive psychology, talent is considered as a person's strengths which allow him/her to perform well (Linley, Wood, Maltby, Hurling & Kashdan, 2011). Self-actualization is the ultimate criterion for talent management based on this perspective. Bakker & Schaufeli (2008) state that self-actualization is the realization of a person's fullest potentials through the fulfillment of everything he/she is capable of. The literature of positive psychology is a branch of psychology literature which concentrates on people or experiences that positively deviate from norms (Csikszentmihalyi & Seligman, 2000).

Social Psychology:

Finally, in the literature of social psychology, talent is operationalized as the perception of talent. It examines the ways judges and expectations form what is manifested as talent rather than examining talent itself (Dominick & Gabriel, 2009). Consequently, rater accuracy is a very important criterion in the talent management. In the study of talent management, 'quasirationality' is assumed to be the most common mode of organizational decision making; so it is obvious that rater bias avoidance ought to be an important topic in talent management (Hammond, 1996).

Talent Management Processes:

Talent management is considered a complex collection of connected HR processes that detailed in the article, Help Your Company Find, Develop, and Keep its Strongest Workers that "today's businesses face increased global competition, shifting markets, and unforeseen events. No wonder they are finding it more difficult than ever to attract, develop, and retain skilled workers they need". Talent management for the utility industry consist more than just identifying critical positions for future replacement but more on how to groom,

develop and establish succession planning methods for the talent that reside within the organization. There is nothing more critical than the longstanding vitality of an organization than the development of its future leaders. McCauley and Wakefield state that organizations that excel in talent management follow eight best practices:

1. Defining “talent management” broadly.
2. Integrating the various elements of talent management into comprehensive systems.
3. Focusing talent management on their most highly-valued talent.
4. Getting CEOs and senior executives committed to talent management work.
5. Building competency models to create a shared understanding of the skills and behaviours the organization needs and values in employees.
6. Monitoring talent system-wide to identify potential talent gaps.
7. Excelling at recruiting, identifying, and developing talent, as well as performance management and retention.
8. Regularly evaluating the results of their talent management system.

Those industries that establish successful talent management processes develop a talent mind-set. Conger and Fulmer (2009) claim that there are five fundamental rules that pertain to talent management, thus creating a talent pipeline:

- Rule one – Focus on development.
- Rule two – Identify linchpin positions.
- Rule three – Make it transparent.
- Rule four – Measure progress regularly.
- Rule five – Keep it flexible.

Talent Assessment:

Utilities are aware of the clear and present danger the aging workforce has on the industry. Awareness alone can no longer suffice but by establishing talent management plans to address the need to fill mission-critical positions is the necessary course of action utility companies must take now. An article published by APPA (2005) entitled *Work Force Planning for Public Power Utilities: Ensuring Resources to Meet Projected Needs*, stated “As with other segments of the U.S. economy and the electric utility industry, utilities are faced with an aging work force and the potential retirements of a large percentage of its employee base”. In this 2005 report, it indicates that the following occupational groups would be most at risk for retirement in the coming years:

- Chief Execution Officers and General Managers.
- Senior Managers.
- Supervisors.
- Engineers.
- Skilled trades to include: electricians, line workers, maintenance workers, pipefitters, plumbers, machinery mechanics, equipment installers, technicians, and construction workers.
- Information Technicians.

Krell (2010) wrote: “Industry demographics underscore the need for top-notch succession planning. For example, in three years, more than half of electric utility CEOs (who on average are older than corporate executives as a whole) will reach retirement age”. Senior management in general will be retiring in greater numbers in the next few years – 51 percent of senior engineers, for example, will reach retirement age by 2015. In addition, the incoming management requires unique skill sets to face big challenges in the years ahead – aging infrastructure, deployment of new technologies for a low-carbon world, growing power demand, changes in the nature of both state and federal regulation, growth of smart grid technologies, construction of advanced nuclear power, even new auditing rules.

Methodology research and procedures:

Research Design and Rationale:

This study is exploratory research with the use of open-ended questions, allowing the researcher to probe, thus giving participants the opportunity to respond in their own words, rather than forcing them to choose from fixed responses, indicative of quantitative methods.

This study provided a description of three organizational attributes: (a) current perceptions of HR professionals, senior executives, and employees in talent pipeline programs; (b) program satisfaction on the need and demand for developing a pipeline of talent; and (c) program effectiveness in developing candidates to assume higher level roles and responsibilities as part of succession planning efforts.

Description of Population:

The study is conducted by interviewing HR professionals, senior executives, senior managers from various business units and employees identified in talent pipeline and leadership and development programs, all of whom are employed by a large investor-owned electric and Power Company. Many members of an organization

play an important role in the development to deployment of talent management processes, and can provide the necessary data collection for this study.

Talent pipeline employees:

Data collection is conducted on those employees who are tracked in the company's talent management and or succession management pipeline.

There are three important aspects the researcher explores in this phenomenological study:

1. To understand the HR initiatives and planning efforts as it relates to the development and deployment of talent management strategies throughout the company.
2. To understand the level of senior executive support for talent management strategies as many of these plans are considered optional spending efforts.
3. To understand the current-perception of (a) high-potential managers identified as potential successors, (b) managers who hold mission-critical positions, and (c) middle to senior managers capable of and ready to assume higher levels of leadership authority.

Sampling Methods:

In general there are actually three common types of sampling methods in this qualitative study: (a) purposive sampling, (b) quota sampling, and (c) snowball sampling. Each sampling method is able to be used as a single object or used in conjunction to gather data. For the purpose of this study, purposive and snowball sampling are used. Purposive sampling is the most common type of sampling for qualitative studies.

As this study has two primary target populations to collect data from, based on three distinct research questions, purposive sampling is a sound sampling method to be used. The researcher will be deliberate in the selection of participants for interview.

Sample size:

For this phenomenological study, the researcher interviews the following sample size (N=13): 1. Population A (- Director- Program/ Project Managers- Training & Development Program Manager) 2. Population B (Vice President- Director) 3. Population C (General Manager, Senior Managers) 4. Population D (Senior Managers)

The above mentioned sample size is the minimum amount (N = 13) of interviews the researcher felt would provide a thorough understanding of the talent management strategies established for large investor owned company. Also the researcher believes saturation is reached at the conclusion of 13 interviews, at which time a thorough understanding of this phenomenon was met. This falls within Creswell's range of at least 5 to 25 interviews conducted before hitting saturation for a phenomenological study. Marshall (1996) states "the researcher actively selects the most productive sample to answer the research questions" (p. 523).

The research questions vary based on the target group under investigation.

Data Collection Procedures (Data-gathering methods):

The specific phenomena the researcher focused on is, how an electric and power company can develop and deploy the right mix of talent management strategies to combat 21st century uncertainty and challenging market pressures being experienced for this sector of business? For this reason, the following are general questions put to participants to gather baseline information:

- How long have you been employed by the company?
- What are your feelings toward the talent management strategies being developed and deployed in the company?
- What value, if any, do you think the talent management strategies have on the company's ability to maintain a competitive and successful position in the utility community?
- Do you feel the current talent management strategies and programs in place are meeting the demand for and creating the pipeline of talent the company needs for its immediate and long-term future?
- Are the current programs in place delivering on its promises in preparing candidates in assuming higher level positions as part of the company's succession planning efforts?

Analytical Techniques (Analysis of interviews):

The researcher deploys the following forms of analysis for this qualitative study: (a) iteration, (b) use of field notes and memos, (c) use of audio recordings, (d) data entry and storage, (e) coding and the use of category systems, (f) enumeration.

Data entry and storage:

The researcher transcribes interviews as data is collected (from interviews, notes, memos and any observational notes) and transcribe them into a Microsoft Word document to be imported into Excel, a computer software and Microsoft office tool used for qualitative studies. For all recorded interviews, the researcher

transcribes all interview recordings into a Microsoft Word document. The researcher enters them into Excel spreadsheet for analysis, coding, and interpretation. When the researcher enter the data into the systems, it will aid the researcher in identifying meaning and patterns of the information.

Enumeration:

The researcher applies enumeration in this study to quantify data and its frequencies, percentages and cross-tabulation. Microsoft Word and Excel software aid the researcher in counting the number of times that a particular word occurred and or counting the number of times a category appeared in the data. Some examples of enumeration included:

- Counting the number of times a word appeared in a document or the number of times a code was applied to the data.
- Clarifying words that the researcher may want to use in the report (e.g., culture, mentor, strategy, effective, etc.).

Application of Validity Procedures:

The researcher uses six Creswell and Miller (2000) validity procedures for this study:

1. Triangulation
2. Disconfirming evidence
3. Researcher reflexivity
4. Member checking
5. Peer debriefing

Conclusion:

There are a number of assumptions which are made for the study of talent management for the electric and energy industry, when Baby Boomers retire, they will leave with them the critical knowledge required for the company to maintain its competitive advantage and long-term stability and market forces will catapult this industry to look at its talent management processes to ensure a pipeline of talent which is continuously being developed for future changes and business needs. . Faced with a host of new 21st century challenges, to include regulatory, environmental, new competitors in the market, cost structures, customer expectations and the need for reliable energy, the industry must invest in its people and identify highly capable talent to be part of the series pipeline to take on critical leadership roles. So this study intent to address and examine above mentioned conceptions totally in the frame of talent management based on theoretical frames and analysis of conducted interviews.

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