

Relationship of Talent Management with Organizational Culture: A Discussion Paper

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This article discusses the relationship between talent management and organizational culture. Talent management is associated with various human resource practices and is gaining importance in organizations in order to achieve competitive advantage. Organizational culture is developed by leaders in the organization which encompasses core values and beliefs. Different types of organizational culture that exist in organization is discussed, such as bureaucratic, entrepreneurial clan and marketing along with strong and weak cultures. Organizational culture is associated with various functions and one of them is effective talent management. Organizational culture is also associated with business strategy to gain competitive advantage. Latest trends in business scenario with respect to organizational culture have also been discussed.

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Introduction

The term 'talent management' has been in use for more than two decades now. It is being defined differently by researchers and practitioners. Organizations are adopting various practices of talent management focusing on different aspects such as leadership development, employment stages, organizational processes based on the present changing business environment. This is needed so that organizations can develop competitive advantage and talented employees drive this advantage. Therefore talent management is needed to focus on the talent of the organization, who are most skilled and experienced employees. In this paper we will be discussing talent management and its relationship with organizational culture in light of current corporate milieu.

The culture of an organization represents the way things are done in the organization. It mainly revolves around the behavioral patterns and relationships. Culture is developed over a period of time in the organization by the people who work for it. To create a dynamic culture organization's core values and its

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vision is a fundamental requirement (Times, 2013). Corporate culture is an intensely rooted form of social control that influences employee behavior. Culture is omnipresent and works unconsciously. It acts as a glue that ties people together and makes them feel part of organization. It motivates employees to internalize its core values as it gives them social identity. It helps employees understand organizational events, communicate more efficiently and reach higher standards of cooperation as they share common values (Schein, 2009).

Importance of Talent Management

In recent years talent management has turned into a top priority for organizations. Main reason articulated for this is: shortage of availability of talented employees. According to James Canon and Rita McGee (2011) in 2011, the competition for talent has risen as the availability of talent has considerably fallen in 2010 to 41% from 2009 which was 20%

Eminent researchers have written about the importance of talent management and benefits thus extended. Jeffery Pfeffer (1998) in his book titled, "The Human Equation – Building Profits by Putting People First", emphasizes that people are an important strength for an organization, without them strategies would not be executed, customer delight

cannot be created and innovation would never occur. All non – living assets of the organization can give a short lived competitive advantage whereas investing in employees would give non - imitable competitive edge to the organization.

Ed Michaels, Helen Handfield - Jones and Beth Axelrod in their 2001 book, "The War for Talent" enunciated a universal talent mind-set – a conviction shared by leaders in organizations that competitive advantage is achieved by having better talent at all levels. They have quoted examples of successful organizations who have adopted talent management mind-set and have implemented and followed certain guidelines regarding talent management.

Talent management is associated with implementation of organizational strategies to improve productivity through upgraded processes for attracting, developing, retaining and employing individuals with requisite skills and aptitude to meet contemporary and future business requirements (Muduli, 2008).

According to Brown and Hesketh (2004), Collings and Mellahi (2009), Lewis and Heckman (2006), talent management is closely associated with human resource planning, strategic human resource management and employability. Heinen and O'Neil (2004) associate typical human resource practices of recruitment, training and development with talent management. Lynne Morton (2004) has suggested a wider coverage of human resource practices to be part

of talent management such as talent acquisition, leadership development, performance management and building culture. Berger and Berger (2009) have articulated about talent management in their handbook. They have inferred from their research, consulting assignments and from inputs of eminent authors, that talent management is required to create a culture for success in the organization. It is based on certain factors such as the internal beliefs, which includes core principles, values and mutual opportunities of an organization and its employees, talent strategy of the organization which specifies the types of employee organization would be investing in and talent management system, processes and procedures.

To sum up the importance of talent management, it is vital for human resource department to place right talent at the right place and right talent is the biggest asset for an organization (Ramco, 2012). Organizations thus should focus on managing the talent: most skilled and experienced individuals. For organizations retaining talent is of ultimate importance to stay ahead of the competitors (Serendi, 2015).

Types of Organizational Cultures

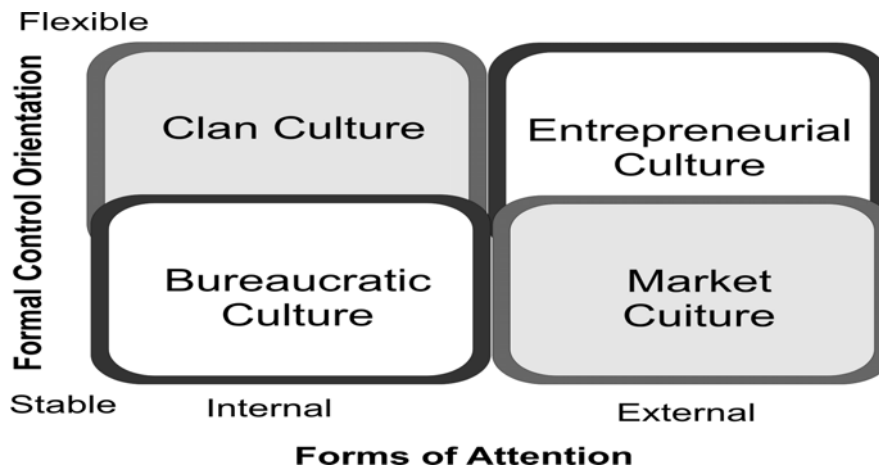
Leaders outline the vision and mission for an organization – define and differentiate the organization. Leaders take the responsibility to model and reinforce the behavior that helps to accomplish organizational goals and to ensure they are creating and cultivating a culture that promotes engagement of talent segment

of the organization. In this way organizational cultures are created by leaders, what leaders pay consideration to, what actions are rewarded or punished and distribution of resources is under consideration (Caver & White, 2013).

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Culture is two tiered – one the visible layer or characteristics and second the invisible. Visible characteristics include external features such as building, furniture, dress code, behaviors, processes and regulations. Whereas invisible layer is built within, it is deeply embedded within the organization and includes common values, beliefs or faith and norms of the organization (Schein, 1990). Organizational culture depends upon many factors, such as the type of business an organization is in, its products and customers, its size and location and methods of operation (Rowe, et al., 1994). Hellriegel and Slocum (2010) in their book *Organizational Behavior* have elaborated on typology of organizational culture and have pointed towards four types of organizational cultures viz. bureaucratic culture, clan culture, entrepreneurial culture and market culture. These cultures develop in the organization depending on their focus on forms of organization attention and control orientation (Fig.1).

Fig.1 Types of Organizational Culture



Source:(Hellriegel & Slocum, 2010)

No two organizations can have same culture. Organizations have to develop one which suits their ideologies and value system. Four different types of cultures described by Hellriegel and Slocum are:

- 1 Bureaucratic Culture – Organizations adopting bureaucratic culture are the ones who practice standard operating systems, hierarchical management system, and formal rules with a focus on efficiency, predictability and steadiness. Behavioral norms follow formality over informality. Leadership roles are interwoven around good coordination, organizing and enforcing of written rules and standards. The jobs, responsibilities and authority for all employees are well defined and employees prefer to follow rules and regulation written in manuals and hence they “go by the book”.
- 2 Clan Culture – Characteristics of this culture are tradition, loyalty, person commitment, teamwork, self – management and social influences. Employees of such organizations realize that their association with the organization is beyond collecting only salary in exchange of work. The individual’s commitment in the form of loyalty towards organization is respected and returned in the form of long term commitment of organization towards employee as a job security. Unity in this type of culture is created through socialization process and senior clan members act as mentors for new employees. Success in these types of organizations depends primarily on team work, participation, consensus decision.
3. Entrepreneurial Culture – This culture represents high levels of risk-taking, dynamism, and creativity. Employees give commitment for experimentation, innovation and being on leading edge. Organizations fol-

lowing this culture are able to react quickly to the change and adapt because individuals are encouraged and rewarded for their initiatives, flexibility and for growth prospects. Such organizations have their attention focused externally and control orientation is flexible in order to nurture innovation and change.

- 4 Market Culture – Achievement of financial and market oriented goals is the primary focus of this culture. The relationship between employee and organization is contractual where terms and conditions are agreed upon and hence formal control orientation is quite strong. Since employee is expected to perform the set standard of output, organization has to give remuneration based on the same. Competitiveness and a profit gaining attitude persists in the entire organization as better performance of employees is rewarded in the form of increased remuneration (Hellriegel & Slocum, 2010, Cameron & Quinn, 2011).

Similarly Terrence Dean and Allan Kennedy (2000) have also discussed corporate culture as strong and weak cultures. A strong culture is composed of deeply held core values and beliefs. It is also supported by all members of the organization. Certain features of strong culture are a common shared philosophy, consideration of individuals, recognition of protagonists, belief in ritual and ceremony, well framed, informed and understood informal rules and expectations. On the other hand a weak culture is not supported by members of organization as it is not deep rooted in the value system of the organization..

Rowe et al (1994) have elaborated on cultural environments that exist in organization based on their value system, norms and organization's orientation whether it is technical or social. Four types of corporate cultures identified by them include Productive Culture, Quality Culture, Creative Culture and Supportive Culture. Productive culture is present in those organizations where orientation is technical and stress is given on efficiency, consistency and performance. This type of culture resists change. The Quality Culture focuses on problem solving and effective planning for the organization's growth. Such organizations can accept change when it occurs as they are flexible in their approach. Achievement of individual is of great value and organization has technical orientation. The Creative Culture is innovative and entrepreneurial and is inclined towards risk taking and initiating change. Organization with Creative Culture values individual achievement and is social in orientation. The Supportive Culture has teamwork, cooperation and reinforcement of its values as characteristics. Organization focuses on performance and has social orientation. Thus they are able to give a quick and ready response to the change.

Organizational Culture & Talent Management

Brown (1995) associates several functions with organizational culture such as conflict resolution, control and coordination, motivation and competitive advantage. Greenberg and Baron (2003) differ in their opinion, regarding functions of organizational culture, from that of

Andrew Brown (1995). They say culture provides a sense of identity, generates organizational commitment as well as commitment to the mission of the organization and reinforces standards of behavior. They also emphasize that culture influences employee attitude and behavior in the organization which results in better commitment of employees towards organization and higher performance is delivered.

Culture influences employee attitude and behavior in the organization.

Organizations have to face certain external (outside the organization) and internal (within the organization) challenges which call for a culture of external adaptation, internal integration and anxiety reduction. For external adaptation organizations have to develop a strategic mission statement, set critical goals, which is facilitated by employee empowerment and establish planning and control system, so that proactively organization can take adaptive measures. Control system helps in evaluating the measures. Internal integration can be achieved by having a common language, understood by all employees, which helps to develop bonding within the organization. To increase accountability and responsibility, inclusive criteria should be used wherein all the employees are included in organizational activities. Cross function team building helps in developing peer relationship (Hayden, 1986).

It is argued by Lesley Willcoxson and Bruce Millet (2000) that organizations are

not necessarily associated with only one type of culture, rather there will be different cultures depending upon the nature of task to be performed, determined goals, external environment, rules and regulations, policies and types of individuals employed in the organization at that point of time. Thus, organizational culture has association with the employees of the organization and vice – versa.

Organizational culture is one of the determinants of effective talent management as discussed by Wilska (2014) (Fig. 2). Along with managerial staff who mentors the young talents in the organization, personnel department takes care of all the human resource activities, skills and competencies to identify the right talent, systems of management and leadership style, corporate image in the market and allocated budget for talent management programs. Corporate culture that promotes learning and development of human capital is very crucial for effective talent management. Corporate cultures where managerial staff is constantly involved at all levels in development of talent has a huge impact on overall talent management process in the organization.

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Wilska (2014) also talks about succession planning, future leaders, reiterating that corporate culture, in form of

Fig.2 Factors affecting talent management in organizations



Source: (Wilska, 2014)

traditions and procedures, plays a crucial role. She also points out that communication is essential for effective talent management. Good communication is important for creating a pleasant environment and conveying values of the organization, this helps in maintaining employee loyalty towards organization. Ewelina concludes by saying that talent management is gaining strategic importance for organizations to achieve competitive advantage (Wilska, 2014). Aligning organizational culture with business strategy is of importance for gaining competitive advantage. There are organizations who promote innovation like Apple and Google. Employees are rewarded when their innovative ideas strike a jackpot but they are not penalized for a constructive failure. Such organizations encourage employees to think creatively, innovatively and share their ideas (Caver & White, 2013).

Tim Wright, a professional coach in talent engagement and culture improve-

ment, links organization's success directly to commonality among talent management, employee engagement and organizational culture. He says the causal link among the three is powerful. He gives a comparison with rowing crew's connection between rowers, oars and scull. Tim defines talent management using component of commitment to recruit, retain and develop the talented employees of the organization. This commitment can be enriched by effective employee engagement, wherein employee invests time, energy, skills, knowledge and creativity in the direction set by the organization. Organizational culture contributes towards employee engagement, as culture is composed of values and behaviors that contribute towards the environment of the organization.

Organizational culture impacts three talent management components – recruitment, development and retention. Recruitment is the first point of contact for a candidate with the organization. This process

should create a positive impression on the candidate. Organizational culture influences the recruitment process. In present business environment, people are technology savvy and look for a job that provides satisfaction and an opportunity to socialize, compensation is a secondary aspect to choose a job. Recruitment via social media is a preferred option and is well appreciated. Personalized attention is expected with internet – speed responsiveness. People are highly mobile and they look for opportunity that would take them all over the globe. Organizational culture is a determinant in attracting talent towards the organization.

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Talent development is an important action of talent management. Organizations are committed to talent development from day one of the employee and throughout his tenure with the organization. Such a commitment of the organization stimulates employee for a better engagement. The commitment to talent development can be a cornerstone value of an organization's culture. Employees appreciate training, education and mentoring programs offered by organization for personal as well as professional growth. Organization can provide engagement in forms of training programs, formal education through university partnerships, professional associations and conferences.

Talent retention is a very crucial factor of talent management. It is certainly a

money – saver as it is very expensive to hire, on-board and bring a new hire up to speed. Strong employee engagement results in better employee retention. Tim Wright has quoted that in this present unpredictable financial environment, organizations need loyal, productive and engaged employees more than ever before. An organizational culture that provides, encourages and maintains engagements for employees certainly has greater impact on the individuals who aspires to work in such organizations (Wright, 2014). Lizz Pellet (2012) remarks that organizational culture is too often at the bottom of the strategic concerns for the organizations. It is quickly dismissed many a times because of its reputation as a “touchy – feely” component of organizational business, considering it as solely a human resource aspect. The biggest challenge is to get senior leadership to believe that organizational culture is a valuable asset and should be treated as a key performance indicator (KPI) as any other.

Egerova (2013) highlights on a new approach which is termed as integrated talent management. Egerova defines it as an innovative and holistic approach that supports an organization in responding to changes in business environment in a suitable and flexible manner. This approach assimilates concepts of business strategy, human resource strategy, talent management processes and organizational culture. Amalgamation with organizational culture reflects that the values of talent management processes are firmly tied with the values of organizational culture. The effective integration is possible when organizational culture sup-

ports the policies and processes of talent management. Support of managers and their engagement in creating talent management strategies leads to an effective talent management process.

Latest Trends

Bersin (2015) mentions that companies with strong positive culture are most preferred companies by the employees. Positive culture driven companies put their employees first. Such companies work on the famous saying, "Take care of your people and they will take care of your customers". As per the survey conducted by Glassdoor in 2014, reveals top companies, chosen by employees for culture and values, as best places to work. These companies involve themselves in planning to attract young people and provide facilities to employees, apart from free food, transportation etc, like vacations, yoga classes, get together etc are planned for wellbeing of employees (Glassdoor, 2014). Report by Towers Watson suggests certain steps to be adopted by organizations for talent management. These include transparency and clear communication regarding various programs run by the organization to ensure clear understanding of the value they contribute. This will not only guarantee appreciation of employees for the offerings of the organization but also boost engagement at all levels of employees. Such measures ensure talent engagement and retention for a longer duration (Georgiou-Botaris, 2015).

According to a report published in The Economics Times, organizations have

Organizations such as IGate retain its top talent by giving them stock options.

opted for strategies to manage talent in their organizations. These include offering management programs at top business institutes such as Kellogg School of Management and Indian School of Business by Dabur India Limited. Organizations such as IGate retain its top talent by giving them stock options. NetApp puts its employees on to new projects to stimulate them. Aegis sign up top performers in special assignments, provide leadership mentoring and team management training. Samsung posts employees at headquarters in Korea for six months and provides global scholarships. They also offer job rotations to employees so that they can learn about other job profiles (Sengupta & Puri, 2012). As per Global Human Capital Trends, 2015 Leading in the New World of Work, culture and talent management were rated as the most important issues. With the growth in economy, skills have become more specialized and competition for talent has increased. This has focused more attention on culture and talent management. It is also mentioned that every human resource program should address issues related to talent engagement and work culture, without a positive and meaningful work environment employees tend to look for jobs elsewhere (Bersin, et al., 2015).

Conclusion

The discussion is tending one to accept the important role played by organi-

zational culture in overall talent management processes. Talent management is crucial for organizations as the current business scenario is facing severe dearth of talented employees. Talent management is widely associated with human resource activities, researchers have broadened the perspective by associating various other practices with talent management to give it a holistic approach. Organizational culture is associated with the core values and belief system of an organization. Leaders are responsible for developing a culture in the organization. Organizational culture is depicted from day to day activities of the employees in the organization. There are various types of culture that exist in the organization viz. bureaucratic, clan, entrepreneurial and marketing. The type of organizational culture present in the organization influences the talent management practices of the organization. It is understood that alignment of organizational culture with business strategy is also of great importance to gain competitive advantage. Many times organizational culture is at the bottom of the list in organizations but it is important that leaders of the organization give it the required significance. Integrated approach to talent management relates values of organizational culture with talent management. Support of managers in crafting strategies aids in effective talent management. The latest trends show that organizations with positive culture are most preferred by the employees. Organizations opt for various programs to be offered to employees in order to retain them.

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