Talent Management Strategy in Iranian Private Sector Banking Strategic

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Abstract
Today organizations are well aware that they require talent to get success in the complex world economy and to survive in the competitive business environment. At the same time the organizations know that they have to hire talented staff and encourage them to remain in the organization, therefore it is perceived critically important that talents must be managed properly in order to achieve the best results. Today, talent management development is perceived as the most important factor of business and as one of key parameters of sustainable competition advantages in organizations. The purpose of the present study is to explore talent management strategy level in private sector banking. The study showed that most of talent management strategy parameters are above the mean level in this industry. Reward and recognition have the highest rank and communication has the lowest rank in current system of this industry. It is noted that this study is considered applied one in terms of its goal and it is implemented using descriptive and surveying methods.
KEYWORDS: STRATEGIC TALENT MANAGEMENT, IRANIAN PRIVATE BANKING INDUSTRY, PERFORMANCE MANAGEMENT, REWARD AND RECOGNITION, STAFF DEVELOPMENT, OPEN CLIMATE CULTURE, COMMUNICATION

1. Introduction
Early 1997, Mackenzie et al used the term "war for talent" to describe challenge for employers to find high skillful candidates for vacant positions (Michael, Handfield, Axelrod 2001: 42). They believed that only a few employers are able to play assigned role in the organization. Therefore, all organizations around the world find themselves compelled to perform in a competitive environment. Thus, organizations must be able to identify talented persons and they can offer adequate training to the employees in order to encourage them to remain longer in the organization. This process is called talent management in management term (McCauley and Wakefield 2006). In simple term, by talent management organization is assured that talented and skillful people are assigned proper task and thus expectable goals of business are achievable (Schuler, Jackson, Tarique 2011). Talent management has a lot of established economical advantages both in company level and in staff level. However, it is not perceivable that the process of talent management can be achieved in short term such as in a few months or even in a year. But it needs an integrated planning with many factors involving in and organization human resource is not taken as the only responsible part of the organization. So talent management is difficult and time consuming, however, very valuable (Heinen, O'Neill 2004). According to Barney (1998) and his resource based view (RBV), organization can achieve sustainable competitive advantage only by approaches which are perceived difficult by their competitors. Traditional resources such as natural resources and technology and etc are

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easily available for all and they lose their competitive advantage quickly but human resource is perceived as strategic property by which the organization can elevate its ability to challenge with crucial environment. In fact, today complex and competitive environment changes human resource role completely (Hudson 2009:98).

Today business encounters with increasing global competition, changing markets and no wonder, unpredictable events (McCauley and Wakefield 2006). Manpower research in October 2006 on 33000 employees from 23 countries established that organizations face with severe challenge of covering their key vacant positions with talented people. 40% of mangers complain about the issue of talented manpower loss in market for their vacant positions. Earlier in 1997, Mackenzie's company proposed the term "war for talents". They state in this project that they face with challenge of finding skillful people. Talent management will get importance increasingly since organizations would face with severe loss of talents due to retirements and detachments (Hand field and Axelrod 1997). In spite of investing a lot in talent management systems by many organizations, they face with the challenge of finding talented people for the key vacant positions. A survey on human resource managers of 40 companies around the world in 2005 revealed that mostly they believed that there are few potential talented people for strategic management tasks. This study points to two reasons: 1. Present processes do not suffice for identifying and training required leaders for future advanced and modern markets. 2. In spite of very emphasis of senior managers for protecting higher leaders, this has not been happened and this turns to be a great concern for human resource managers (Ready and Conger 2007). In many organizations with so called concern of "war for talent", talent management is viewed as a strategic issue. In many organizations young human resource recruitment process is declining and manpower gets older. Fore example in the developed countries such as UK, 31% of the employees are above 50 years old so it is strongly possible the staff experiences and their major skills would be lost after retirement of current employees (Marcus and Marion 2008).

McKaly and Walkfield (2006) believe that strategic talent management emphasizing on parameters such as communication, open climate culture, reward and recognition, employees development and performance management- all are somehow related to human resource may result in employee development and thus the development of the organization. Organizations in private sector such as banks and credit and financial institutions face with the essential issue of talent management as well because they operate in a very competitive market and the their active human resource may determine their fail or success. First of all, these organizations must seek to recruit the best and to train them in order to survive in this very competitive market and overtake their competitors. Our purpose is to explore the strategic talent management level in Iranian private sector banking industry and to give suggestions for elevation of this critical strategy based on the findings.

The main question of the study is:"What is the level (or prevalence) of strategic talent management in Iranian private sector banking industry?"

Two minor questions are asked in order to give a reply to the main question. They include:

The first minor question:"What is the level of each strategic talent management parameter in Iranian private banking industry?"

The second minor question:"What are the priorities for the parameters of strategic talent management based on current execution systems in Iranian private banking industry?"

It is noted that this study has been implemented in Shiraz[3] due to research team good access to all branches of active private sector banks. It is believed that all other branches in Iran behave the same because of their bureaucracy coordination and similar human resource policies so the findings can be assumed valid for all branches of private sector banking in Iran.

[3] - The private banks in Shiraz are: Parsian, Eghtesad novin, Saman, Karafarin, Sarmayeh and Gardeshgary.

2. Background Overview and Research Definitions

2.1 Strategic talent management definition: in today dynamic environment, organizations must invest continuously on their own human resources and the elites are managed properly as organization valuable resources. Talent management is regarded as a tool for improvement of recruitment process and employees development to achieve skills and capabilities currently required in the organization (Bhatnagar 2007:643). The process of talent management views and identifies and trains what is required at present as well as in future (Chartered Institute of Personnel and Development (CIPD) 2006) and removes systematically the gap between existing human capital and leadership capabilities and talents to response to future challenges in the organization (Wellins et al 2006).

In general term, talent management is an intelligent view assuming that talents of elites can be used to provide major and minor requirement of organization (Allameh and Ghasem Aghayii 2008).

2.2 Strategic talent management is essential and important:

Today, changes are regarded essential for future achievement (Falkenberg et al 2005). Therefore, it is essential for organizations to adapt the changes and align their talented employees with the changes in order to achieve the organization goals. However, Grossman (2007) assumes strategic talent management as a part of 21st century essential changes as well as a complement to establishment of change in the organizations. Strategic talent management as a tool is used to convert critical human resource of organization into a sustainable competitive advantage and a strategic priority of the organization. Human capital is assumed as a part of the critical capital of organization having two beneficial properties of scarceness and to be non-imitable (Barney 1991:110). In other words, employees are key human resources and crucial for final success of the organization. A lot of managers have understood that having motivated and expertise employees would lead to growth and advancement. Two decades have passed when organization reengineering and non-concentration were introduced, still employees have not been capable and they seem very exhausted and the leaders still emphasize on job process and market implications rather human capital and they make unsuitable decisions for talent management (Boudreau and Ramstad 2005). This gap shows that valuable manpower is wasted somewhere between theory and practice (Boudreau and Ramstad 2002) whereas today elites are regarded essential for all levels of organization as a key strategy of protecting relative advantage to competitors (Davis et al 2007). In fact, there would be no new thing for organization if the best talents are not provided (Sweem 2009).

2.3 The nature of strategic talent management

Talent management is a long term approach figuring out organization required work force and improving organization performance (Farley 2005). Talent management ensures that the existing employees in the organization rotate properly (Cheloha and Swain 2005) and proper person is assigned for proper job in a proper time (Kesler 2005). Strategic talent management supports all strategic and cultural goals of the organization. Therefore, it requires spending long term and providing support and commitment of senior managers to its implementation. Commitment to the principles of strategic talent management and tendency to implement it must start from higher levels and it is gradually injected into organizational culture. Talent management process is resulted from three definitions: commitment, involvement and taking responsibility. Commitment is introduced by new comings and involvement reflects the degree of commitment of managers to talent management. Finally all employees are responsible for creating strong systems and processes based on talent management principles (Ready and

Conger 2007:70). On the whole, all members of organization must participate essentially in creating talent management culture or its change (Worley et al 1996).

2.4 The parameters of strategic talent management:

To achieve higher performance in an organization, it is essential to improve the fields such as communication, performance management, reward and recognition, employee development and open climate culture. The focus of all these parameters is the most valuable capital of organization, that is, employees and they form the foundation of talent management (Sweem 2009)(figure 1). By gathering all above parameters together, the condition is prepared for implementing the strategic talent management in an organization and it would be possible to attract and to retain talented people within the organization.

Figure1: diagram of research model

The above parameters are explained as follows:

* Performance management: in the process of performance management, managers try to increase the quality of performances of teams and individuals in order to achieve the present and future goals of the organization (Armstrong 2009). Investigators hold that performance management encompasses all methods and rules identifying the quality of organization employees' performances (Moody and Noe 2005:252). Organization performance improvement is implemented through aligning people activities with the business requirements, implementing the activities in best way, consulting with line managers in human resource management, developing clear and stable policies and providing suitable environment for sharing information (Cantrell and Benton 2007:361).

* Employee development: Nadler (1989) as the pioneer theorist of human resource development defines employee development as transferring organized learning experiences of employers in a special period by the purpose of improvement of performance and personal growth. In other words, development of employees is an attempt to update the knowledge, skills and capabilities of employees. Investigations show that cost decreases severely by ing

talented people through giving them opportunity to test their new learned skills and to develop their capabilities.

* Reward and recognition: organizations evaluate and recognize their employees using strategies, policies and processes and finally reward them (Armstrong 2010). Strategic talent management provides the basis for recognizing and rewarding talented employees (Armstrong 2009). Desirable regulation of rewarding system can facilitate the attraction and ing talented employees (Barlett and Ghoshal 2005).

* Communication: one of manager's tasks is to communicate logically and clearly with employees and this communication must be established within the units and the departments of organization. Organizational intercommunication is a mutual process of delivering message between managers and employees through interaction and dialogue (Smith and Rupp 2002). By communication behavior, sharing concepts, information and ideas is facilitated (Armstrong 2010). Managers are aware that capable employees must be knowledgeable. If employees do not identify the business they could not create value for their organization (Gholamzadeh et al 2008). Therefore, healthy communication in an organization helps the employees to be aware about proper procedures and to recognize where improvement is required, what are the priorities and what the organization and supervisors expect to do (Smither and London 2009). All above specifics make employees knowledgeable that they can operate properly to achieve the organization goals.

* Open climate culture: open climate culture is defined as a set of almost stable internal specifics in an organization as its distinguished features from other organizations. These features impact significantly on the organization efficacy. The common understanding and feeling of people about what exactly happens in an organization can explain the climate (Alikhani 2009). Organizational climate indicates cultural apparent features resulting from views and understandings of employees. In fact, climate is the visual and cultural aspect of non-visual part of an organization (Khalili and Moshabbaki 2008).

3. Methodology

The present study is descriptive-surveying type with applied goal. The statistical population includes all employees of active private banks in Shiraz (n=873). The sample group (270) was selected randomly based on classified sampling using Kergsy-Morgan Table (Danayifar, Alvani and Azar 2008:347). The sampling was conducted in two steps. In step 1, the sample was equally divided among the banks. In step 2, each bank share was distributed among the bank branches equally. The tool of data collection was a questionnaire with 48 closed questions (based on Likert's five- item reply). The validity and reliability of the questionnaire was previously established (reliability=91.3%). Data was analyzed using SPSS software using descriptive and inferential statistics (univariate t test and Friedman Test).

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4. Findings:

Before presenting inferential data, table 1 shows descriptive data:

	N	Mean	Std. Deviation	Std. Error Mean
Performance management	270	3.7503	.75743	.05871
Employee development	270	3.4791	.61650	.04266
Reward and recognition	270	4.2188	.62707	.04403
communication	270	2.9309	.77392	.05917
Open climate culture	270	3.2551	.70048	.04396

Table1. Descriptive data

The table shows that reward and recognition has highest mean.

4.1 Response to the first minor question:

Question: What is the level of each strategic talent management parameter in Iranian private banking industry?

Answer: Univariate (t) test was used to give a reply to this question (significance level=0.05) with number 3 for five-item Likert as a medium range. If sig>0.05 for each parameter, it indicates that its level is medium. If sig<0.05, it indicates that the level is above or lower than the medium. If both lower and higher limits are positive, it indicates that the parameter level is higher than the medium. If both lower and higher limits are negative, it indicates that the parameter level is lower than the medium. Based on above explanation and regarding the table 2, the answer to the first minor question relating to the levels of strategic talent management parameters are given in table 3:

Table 2. The results of univariate (t) test

	t	Sig. (2-tailed)	95% Confidence Interval of the Difference (μ_1-μ_2)	
			Lower	Upper
Performance management	9.833	.014	0.3025	0.4782
Employee development	8.348	.000	0.2829	0.4374
Reward and recognition	11.798	.000	0.3408	0.5992
communication	5.745	.065	0.1733	0.3499
Open climate culture	6.789	.044	0.2593	0.4086

Table 3. The levels of strategic talent management parameters in target community

parameter	level
Performance management	Higher than medium
Employee development	Higher than medium
Reward and recognition	Higher than medium
communication	Medium level
Open climate culture	Higher than medium

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4.2 Response to the second minor question:

Question: What are the priorities for the parameters of strategic talent management based on current execution systems in Iranian private banking industry?

Reply: Friedman Test is used to give an answer to above question (significance rate=0.05). The results are shown in table 4 and table 5:

Table4. Parameters ranking test result

Test Statistics[a]	
N	270
Chi-Square	3.221
Df	4
Asymp. Sig.	0.032

Table5. Parameters rankings

Ranks	
parameter	Mean Rank
Performance management	3.62
Employee development	3.26
Reward and recognition	3.93
communication	2.39
Open climate culture	2.91

The table 4 shows that sig<0.05 indicating the rankings and priorities for all parameters are not equal. The prevalence of each parameter for current system of the private banking industry in Iran is shown in table 5 indicating that reward and recognition has the highest rank and it is continued in table 6:

Table6. The degree of prevalence of strategic talent management parameters

parameter	rank
Reward and recognition	1st
Performance management	2nd
Employee development	3rd
Open climate culture	4th
communication	5th

5. Conclusion and suggestions

Regarding increasing importance of human resource as an important factor affecting on development of organizations in the age of competition, it seems that employee development and continuous improvement of human resource are essential. On this basis, the major task and concern of managers include identifying existing gap in organizations and giving basic and logical solutions for enabling and developing employees. According to the results (table 3), it is well evident that fortunately, four parameters out of the five strategic talent management parameters are above the medium level in the private sector banking industry in Iran. This shows that the industry of banking is in acceptable condition in Iran. The present study indicates that only "communication" is on medium level. However, senior managers must find a solution for this loss.

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The prevalence rates (table 6) for the parameters shows that "reward and recognition" is in highest rank indicating that managers try to compensate the service the employees give and their attempt is to motivate the employees by this compensation. But the same ranking shows that "communication" in the lowest rank probably due to ill design of organizational communication system (interpersonal, inter-departmental, inter-organizational) and there is no internal and intergroup routine interaction and no norm for community learning has yet been established. In fact, after this issue is solved, the communication in the organization would be accelerated and knowledge transfer would be facilitated and thus employee's capability would be developed more than before. Other parameters are in the middle ranks between "reward and recognition" and "communication".

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