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# Critical success factors, challenges and obstacles in talent management

Marjan Maali Tafti, Mahdi Mahmoudsalehi and Mojtaba Amiri

## Abstract

**Purpose** – *The purpose of this paper is to identify the obstacles and challenges of talent management as well as its success factors in Iranian automotive industries.*

**Design/methodology/approach** – *This research is a kind of discoverer research done by qualitative approach. The methodology to data collection was interview and research sample was 15 manager in automotive industries. Data analysis was carried out by the coding method, and concepts, minor and major contexts were extracted and lastly the conceptual framework was formed.*

**Findings** – *Based on the findings of the research, framework of obstacles and challenges in talent management was classified into four categories that are structural challenges and barriers, environmental challenges and barriers, behavioral challenges and barriers and lastly managerial challenges and barriers. In addition, the framework of talent management success factors were categorized into three main sections that are structural success factors, environmental success factors and finally managerial success factors.*

**Originality/value** – *Problem finding of talent management in automotive industry and identifying obstacles, challenges and success factors in talent management with qualitative approach through interviews with experts from the Iranian industries is the research value.*

**Keywords** *Critical success factors, Talent management, Barriers and challenges*

**Paper type** *Research paper*

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## Introduction

Global changes and transformations have caused a lot of complications and movements in business areas, so organizations should recognize their core competencies and develop management systems to create utility, and to maintain economic value and gain sustainable competitive advantage. Intensive competition has made it difficult to keep the competitive advantage for a long time. On the other hand, the short life cycle of new products and models of business requires continuous innovations. In addition, changing problem-oriented approach into vision-oriented approach involves recognition of talents and capabilities and its application. For example, when due to some reasons like retirement or resignation an organizational post is left unoccupied, the senior managers find that there are few people fitting for that vacancy within their organization, and they are not completely qualified for that job. Thus, they often have to outsource their needs, instead of inside promotion; this not only imposes much time and cost on the organization, but also there is a risk of not adapting to organizational culture. In this research, the literature of talent management is studied, and success factors, barriers and challenges of talent management implementation are identified. In recent years, human resource development issue has been addressed in many Iranian firms and numerous organizations have conducted studies on talent management and succession planning; however, they have not been able to implement it completely. The aim of this study is to identify the problems of talent management in automotive companies. The main research questions are:

RQ1. What are the problems and barriers in implementing talent management?

RQ2. What are the success factors for implementing talent management?

RQ3. How can categorize these barriers and success factors in Iranian automotive industry?

## Literature review

Michaels *et al.* (2001) believe that talent is a code or a word for effective leaders and managers that can help an organization to reach its goals. Managerial talent is a *combination of a sharp strategic* mind, leadership ability, emotional maturity, communicative skills, and the ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results (Michaels *et al.*, 2001). According to Williams (2000), talented people are those who have exceptional abilities and they are successful in a range of activities or in a specific field. The literature review shows that there are a variety of definitions about talent management. From Schweyer's view, talent management includes all the processes of human resource activities, and usually refers to the sourcing, selection, deployment, socialization, maintenance and development of talented staff. It has a cycle that includes three main fields: talent identification and absorption, talents maintenance and talents development (Schweyer, 2004). Strategic talent management is a process that includes systematic identification of key positions which differently contribute to the organization's sustainable competitive advantage. Development of a talent pool of high potential and efficient incumbents to fill these roles, and development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents to ensure their commitment to the organization (Collings and Mellahi, 2009).

Global talent management is defined as organizational efforts for recruitment, selection, development and maintenance of key talented employees in strategic positions on a global scale. A key aspect to this definition is its concentration on the key employee group instead of multinational ones (Scullion *et al.*, 2010). Lewis and Heckman (2006) investigated the problems with the definition of talent management and presented a systematic definition that concentrates on strategic talent management, showing opportunities for future research in the field of talent management. Khilji *et al.* in their research referred to the extant limitation of global talent management by concentrating on individual and organizational factors, and presented a conceptual framework for macro global talent management which is the activities developed to enhance the quality and quantity of talent within and across countries and regions. They also referred to challenges like nationality's effects in talent mobility, and direct intervention of the governments in the recruitment and development of national talents (Khilji *et al.*, 2015).

Collings (2014) investigated talent management challenges and opportunities in multinational enterprises and described how a combination of global mobility and global talent management can help multinational enterprises to be successful; he also introduced human capital, social capital and dynamic capabilities as suitable theories to utilize that. Tatli *et al.* (2013) referred to the relationship between talent shortage and existence of talented female workers in Asia and Oceania. These regions have a shortage of talent on the one hand, and on the other hand are facing good potential of female talented labors. They mentioned necessity and legitimacy of attention to gender quotas as a part of talent management strategy in these areas in order to use potentials of women to face talent shortage (Tatli *et al.*, 2013). Schuler *et al.* (2011) introduced the main forces of global talent challenges and described human resource policies to face these challenges. They identified dedicating insufficient time to TM by senior managers, lack of involvement of TM to the issue, lack of willingness to acknowledge performance differences among personnel, lack of HR departments and organizational structures as the main barriers in TM (Schuler *et al.*, 2011).

Tarique and Schuler identified GTM challenges and categorized them into internal and external groups. The three main external factors of GTM challenges are globalizing talent-migration tendencies, changing demographics and gap among supply and demand. The three main internal drivers of GTM challenges are globalization, demographics, the gap between supply and demand, international strategic alliances and dynamic competencies. They also referred to three main activities of strategic human resource management including talent recruitment, maintenance and development as challenges faced by talent management in multinational companies (Tarique and Schuler, 2010). Iles *et al.* (2010) proposed four-quadrant model where there are four main perspectives on TM, which are outlined and discussed below:

1. exclusive-people: focused on "key" selected people with high performance;
2. exclusive-position: focused on right people in key roles or positions;

3. inclusive-people: everyone seems potentially talented; and
4. social capital: focused on teams, cultures and networks (Iles *et al.*, 2010).

Mellahi and Collings (2010) mentioned two major barriers being effective in global talent management based on agency and bounded rationality theories. From the perspective of agency theory, when goals and interests of global firms are not aligned, the subsidiary may undermine the effective management of talent for self-serving reasons, so they try to keep their most talented employees rather than allowing them to come to the attention of the headquarters or other subsidiaries. From the perspective of bounded rationality theory decision-makers have to go through a complicated and appalling process to fully comprehend the talent situation in an organization, which surpasses the skills of most managers. Therefore, managers make decisions based on insufficient amounts of information (Mellahi and Collings, 2010). Guthridge *et al.* (2008) found talent management barriers include short time perspective of senior managers, insufficient managerial involvement and commitment to developing talent, minimal collaboration and talent sharing among business units, lack of strategic alignment between talent management strategies and business strategies, ineffective line management, and confusion about the role of HR (Guthridge *et al.*, 2008). Guthridge *et al.* (2006) introduced insufficient managerial involvement and commitment to developing talent time dedicated to TM by senior managers, “silo” thinking and a lack of collaboration across the organization, lack of strategic alignment between talent management strategies and business strategies, lack of employees’ classification as top, average or underperforming by line managers, and lack of understanding about the key positions as the main barriers of talent management (Guthridge *et al.*, 2006).

## Research methodology

This research was a kind of qualitative study which was done by coding methodology of qualitative data. In accordance with the methodology and the purpose of the research, semi-structured interviews with experts and informed specialists have been done. Therefore, qualitative data were collected, studied and sorted according to the coding approach and content analysis. The research population includes managers, specialists and experts from the human resource area that are fully familiar with the talent management in automotive industry. The number of interviewees was selected by theoretical saturation method. The sample of this study consisted of 15 interviewees, out of which ten were human resource managers. We studied their perspective to introduce the main talent management’s barriers, challenges and success factors. Through the analysis and conclusion of data, concepts and categories were defined and categorized into structural, environmental, behavioral and managerial challenges and barriers. Finally, the conceptual model of talent management including barriers and challenges and success factors were compiled.

Qualitative collected data were analyzed by the coding method. First, concepts and categories related to research subject were extracted by open coding method. For a careful classification of contents in categories, each concept should have been separated, labeled and unprocessed data were conceptualized by careful study of interview contents and records. Data collected from interviews were codified to make similarities and differences easier to notice. In the second stage, the most important success factor, barriers and challenges of talent management in the automotive industry were grouped by axial coding approach. Open coding ended by indicating concepts and categories. Then, we had categories that we should have indicated their relations. This action was done in the axial coding stage. In open and axial coding, talent management model in automotive industry has been developed. Selective coding used the results of previous stages and selected the main category.

## Research findings

After analyzing and coding of qualitative data, we identified the most important barriers and challenges of talent management in automotive industry and categorized into structural, environmental, behavioral and managerial challenges and barriers. The structural challenges and barriers include all elements, factors and physical conditions in an organization. These interdependent factors can be categorized as “hard” organizational elements. Therefore, when all

tangible and information sources are leveraged across the organization, they will be considered as structural components which are nonliving organizational factors. The environmental challenges are related to the external forces that exist outside an organization which surround it. They are largely beyond the management's control, but influence organizational performance, and the organizational development depends on them. The behavioral challenges and barriers of human relations in organizations include unofficial relationship that constitutes the main content of organization. These factors are categorized as "soft" organizational elements which are less tangible organizational factors. The managerial challenges and barriers can be considered as a subset of behavioral challenges, but since managers' attitude and participation has a decisive role in implementing talent management, this category is considered separately. As mentioned in the results the most important barriers and challenges of talent management are divided into four categories such as structural, environmental, behavioral and managerial factors. Several factors have been identified for each barrier and challenge categories shown in Table I.

According to analysis and coding of qualitative data, the most important talent management success factors in automotive industry are identified and categorized into three main parts that are structural, environmental and managerial success factors. The structural success factors include elements, factors and physical conditions in the organization. The most important structural success factors of talent management in automotive industry were sorted after analyzing and coding the qualitative data. Environmental success factors are related to the external forces that surround the organization. Managerial success factors, such as managerial challenges and barriers, are related to human relations in organizations, especially at the management level. The results show that the most important success factors of talent management can be divided into three categories: structural, environmental and managerial. Several factors have been identified for each barrier and challenge categories shown in Table II.

**Table I** The most important barriers and challenges of talent management

Structural challenges and barriers	Lack of integrated HR systems
	Lack of a competency model in organizational strategies
	Lack of strategic alignment between HR strategies and business strategies
	Lack of professional and specialized managers in HR field
	Lack of an integrated talent management approach
	Intangibility in outputs of human resource processes
	Lack of suitable motivational approaches
	Lack of HR departments' competencies to address TM challenge and focus on administrative process rather than HR development process
	Poorly implemented performance management systems
	Impossibility of cost-benefit analysis, especially the cost of selecting wrong people
Environmental challenges and barriers	Governance of politics and external pressures on hiring managerial positions
	Lack of stability in management
	Governmental support and the absence of serious competition
	Economic sanctions
	Population and labor market saturation
	Supply and demand gap
	Slow movement toward privatization and globalization
Behavioral challenges and barriers	Limit access to international markets
	Mental and cognitive prejudices
	Cultural barriers
	Resistance to change among managers
	Expectations among elected people
Managerial challenges and barriers	Sexual discrimination
	Nepotism
	Lack of commitment, support and belief of the top managers
	Lack of strategic perspective to human resources
	Lack of positive outlook on HR among managers
	Lack of involvement and cooperation among managers in implementing TM processes
	Lack of understanding about the importance and significance of TM
Lack of commitment to development of employee's capabilities and careers	
Difference between talent management process and manager's staffing and promotion decisions	

**Table II** The most important success factors of talent management

Structural success factors	<ul style="list-style-type: none"> <li>Using TM's standard tools and processes</li> <li>Creating prerequisite and supportive processes for TM</li> <li>Active human resource department which implements human capital programs</li> <li>Financial analysis of human resource development indicators</li> <li>Integrated talent management program</li> <li>Strategic alignment between HR (especially TM) strategies and business strategy</li> <li>Organizational structure and hierarchy</li> <li>Motivational systems based on TM process</li> <li>Positive and successful experiences</li> </ul>
Environmental success factors	<ul style="list-style-type: none"> <li>Performance management based on TM process</li> <li>Increasing stability of management</li> <li>Keeping the organization from direct intervention of the government and external pressures on hiring and appointments</li> </ul>
Managerial success factors	<ul style="list-style-type: none"> <li>Top managers belief, commitment and support</li> <li>Strategic perspective on human resource development</li> <li>Commitment, support and involvement of senior managers</li> <li>Talent management as a strategic priority</li> <li>Holistic approach to developing talent</li> <li>Succession planning</li> <li>Rational decision-making at the management level</li> <li>Breaking down information repositories and develop collaborations</li> </ul>

## Conclusion

The literature review shows that managers and human resource experts define human talent in relation to current and future organizational strategic goals and programs. For instance, when an organization selects diverse and innovative strategy, human talent refers to those who have prominent actual or potential capabilities in creativity and innovation. According to organizational evidence, documents and results gained from interviews, Iranian automotive companies use competency model to indicate talented people who have better performance. Competency is defined as a combination of knowledge, personal attributes, interests, experiences and capabilities related to the job which enables their owners to play a role above the average level. The literature review and definitions presented by interviewees showed different definitions of talent management. Talent management ensures managers that competent people with right skills located suitable vacancies to reach desired business objectives. In fact, talent management includes a complete set of processes in order to identify, employ and manage individuals to implement business strategy successfully. These processes are categorized into talent acquisition, talent development and talent retention.

According to most interviewee's perspective and organizational documents, the following three processes were mentioned as the main components of talent management:

1. Talent acquisition: talent acquisition is the process of identifying, attracting and evaluating top talents by using assessment and development centers.
2. Talent development: after identifying potential talents, training programs are presented to develop their competencies.
3. Talent retention: one of the problems that organizations usually face is that developed and trained talents are attracted by competitors. Therefore, retaining systems to preserve talents is one of the main components of talent management systems.

In "Structural challenges and barriers" section, the phrase "Lack of strategic alignment between HR strategies and business strategies" by Riccio (2010) and Guthridge *et al.* (2006, 2008) has been mentioned as "Lack of professional and specialized managers in HR field" (Schuler *et al.*, 2011). In addition, the concept of "Lack of integrated talent management program" is presented under the titles "lack of employee developmental planning" (Sweem, 2009), "Succession planning remained significant barriers" (Guthridge *et al.*, 2008) and "lack of talent management program" (Riccio, 2010). Similarly, the title "Lack of HR department's competencies to address TM challenge and focus on administrative process rather than HR development process" addresses

by Schuler *et al.* (2011) replaced the title of “governance of administrative outlook on staff’s development”. Also, the content of “poor implementation of the process of Performance Management” has been presented under the title “lack of tendency in managers to classify employees into top, average and weak performance” (Guthridge *et al.*, 2006) and “lack of willingness to acknowledge performance variances among personnel” (Schuler *et al.*, 2011). In addition, the phrase “The difficulty of cost-benefit analysis, especially the cost of selecting wrong people” has been noted by Schuler *et al.* (2011).

In “Environmental challenges and barriers” section, the title “Direct intervention of government and external pressures on hiring and appointments” have replaced “direct intervention of the governments in recruitment and development of national talents” in the literature review (Khilji *et al.*, 2015). Additionally, the title “Rejuvenation of population and labor market saturation” is mentioned under the title “changing demographics.” The concept of “Supply and demand gap” also replaced the title “Supply and demand imbalance” Schuler *et al.* (2011). In “Behavioral challenges and barriers” section, the title “Cognitive Mental frameworks and cognitive prejudices” has been presented under the titles of “silo thinking” and “Habits of mind” (Guthridge *et al.*, 2006), “short-term perspective” (Schuler *et al.*, 2011; Guthridge *et al.*, 2006, 2008) and “It is easier to buy than build suggesting that it would be more advantageous to hire outside of the organization” by Riccio (2010). “Cultural barriers” and “Resistance to change” have been mentioned in the literature review. The context of “Sexual discrimination” has been addresses by Tatli *et al.* (2013). In “Managerial challenges and barriers” category, “lack of commitment, support and involvement of the Top-Management” has been presented under the titles “not dedicating time to TM by CEO’s and senior managers” (Guthridge *et al.*, 2006, 2008) and “senior leaders are not sufficiently involved in shaping talent-management strategy” (Guthridge *et al.*, 2008). “Lack of positive approach in managers HR” has been replaced by “TM’s processes are not as important as main business processes” by Riccio (2010) and Schuler *et al.* (2011). The contents of “lack of involvement and cooperation of managers in implementing TM’s processes” and “Ignorance of managers’ role in training and education” have been mentioned in the literature review (Schuler *et al.*, 2011; Guthridge *et al.*, 2006, 2008).

In “Structural success factor” category, the contexts of “strategic alignment between HR (especially TM) strategies and business strategies” and “organization structure and hierarchy” have been mentioned under the titles “The best talent management plan is closely aligned with the company’s strategic plan and overall business needs” and “flat organization and decentralized decision-making process,” Riccio (2010). In “Managerial success factor” category, the context of “Top-managers belief, commitment and support” has been presented in the research literature, Riccio (2010) and Schuler *et al.* (2011). The contents of “Strategic Perspective on Human Resource Development” cited by Sweem (2009) under the titles “The human resource departments should be involved with strategic planning and implementing human capital programs.” The contents of “holistic approach to developing talent” by Riccio (2010) and “Breaking down information silos and development in collaboration” by Sweem (2009) have been mentioned under “open climate and fluent communications.”

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