

The Effect of Strategic Talent Identification and Acquisition on Competitive advantage in Commercial Banks

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ABSTRACT- *Effective Strategic Talent Management is becoming increasingly important in the creation of organizations competitive advantage. It is conceived as the activities and processes that lead to identification of key positions which contribute to the organization's competitive advantage. Talent identification and acquisition is one of the key strategies used by organizations to have a competitive edge vis-à-vis their competitors. This study sought to determine the effect of strategic talent identification and acquisition on competitive advantage in commercial banks within Nakuru town. The specific objective was to determine the effect of strategic talent identification and acquisition on competitive advantage. Resource based view and balanced scorecard were adopted as theories for the study. Purposive sampling method was used to select 62 respondents from the selected banks .Data was collected by use of structured questionnaire which was administered through face-to –face interview and it was analyzed using both descriptive and inferential statistics (correlation and regression analysis) .The findings showed that the level of talent identification and acquisition was high and it significantly influenced the level of competitive advantage within banks. The study recommended that banks should invest more on acquiring the right talents and aligning them with the overall goals since they are key contributors to achieving competitive advantage.*

Keywords— Strategic Talent Management. Competitive advantage, Talent identification and acquisition,

1. INTRODUCTION

The strategic identification and acquisition of talent is such a critical driver of corporate performance; it has become more and more important in the last few decades. Several key events have influenced this new reality. It began with the onset of the Information Age in the 1980s (Michaels, E., Handfield-Jones, H., & Axelrod, B.2002). Consequently, the importance of intangibles such as intellectual capital, brands, and talent, progressed beyond the importance of tangibles such as capital, factories, and machines. As we move toward a more knowledge-based economy, the value of highly talented people continues to multiply. With it, the demand for high-caliber managerial talent also grows. Organizations need managers who can meet today's challenges, especially those who value and develop talent. The prevalence of corporate downsizing in the 1980s, followed by a swell in job opportunities in the 1990s, resulted in employee job-hopping being more common than staying loyal to one, and only one, organization. It is the case now that having only one company on one's resume is often viewed as unfavorable and instead, multiple companies on a resume has become more and more acceptable, and oftentimes a sign of upward mobility. More often, managers are passively seeking jobs, not by searching the Internet or want ads, but by keeping their eyes and ears open for the next opportunity (Michaels, et al., 2001). While looking at strategies employed by organizations in realizing the core business of STM ,Collings and Mellahi (2009) single out three main talent management activities which in their opinions are geared towards achieving adequate, reliable and competent talent in organizations. These activities and processes they mention as recruitment and selection, development and training, and retention and succession planning. The reason why STM has become such an important activity in contemporary management is found in the works of scholars such as (Ingham, 2006; Ashton and Morton, 2005 and McGee, 2006) who confirmed that talent management strategies are important in creating competitive advantage in organization.

1.1 Statement Problem

Since McKinsey's proclamation of the War for Talent in 1998 the specific management of talent has been widely seen as a solution for the strategic human resource challenges in today's labor market. Although a review of the literature shows that talent management is a growing field, the effectiveness of talent management and its added value in the banking industry have still not been accurately stated. It is clear that most banks concentrate on the financial bit of performance with less effort on how to get proper talents on board to drive those figures. Moreover, on the one hand, research dealings with talent identification and acquisition strategies and banks competitiveness is quite lacking, and the question of the right talent management strategy for the right impact on organizational competitiveness has not yet been answered. It is against this background that this study is set out to examine how strategic talent identification and acquisition contributes to competitive advantage in banks.

2. LITERATURE REVIEW

2.1 Banking Industry

The banking industry in Kenya is traceable to the 1890s, when the National Bank of India opened an outlet in Mombasa in 1892. The bank was later in the 1960s acquired by the government of Kenya and renamed the Kenya Commercial bank. There were just about five commercial banks in the first decade of Kenya's independence namely Kenya Commercial Bank, Barclays Bank, National Bank of Kenya and Standard Chartered Bank. At present there are about 44 banks countrywide representing about 1000% growth over the last 50 or so years? While banking services was initially restricted to Nairobi city, recent years has witnessed rapid expansion of banking services in the country to other towns, Nakuru town being one of them. Kenyan banking industry has created a more complex and dynamic environment in which most firms must learn to compete effectively to achieve sustainable growth. Workforces around the world have become larger, increasingly diverse, more educated, and more mobile (Briscoe, Schuler & Claus, 2009; Friedman, 2005). The environment has not only changed the way business is conducted, it has also created the need for organizations to manage their workforces in a global context. As a consequence, the notion of a "global workforce" has received extensive discussion recently (Briscoe, Schuler & Claus, 2009; Collings, Scullion & Dowling, 2009; Scullion & Collings, 2006). According to Mishra & Goyal (2006) the entry of foreign banks, has changed the dominant position that the local banks had. The entry of new foreign banks has led to entire banking sector becoming more competitive. The increase in competition has also led to higher attrition rates among the employee base of domestic banks which creates demand for new employees. Furthermore, salaries of the employees with local experience are increasing as foreign banks offer their recruits share options and generous bonus (Mishra & Goyal, 2006).

2.2 Competitive Advantage.

Competitive advantage is a key issue for top executives in organizations around the world. Commercial banks form an industry in which competitive advantage is generally acknowledged to be difficult, if not impossible, to obtain. Banks use a variety of human resource practices to create value for employees and to convert that value to customer and shareholder uses. Strategic talent identification and acquisition play a role in the ultimate capture of value as they must be aligned with an organization's competitive positioning, technology, and environment if value created through an organization's people is to be captured by the firm. With an abundance of jobs available, it is a candidate's market and employers must compete to attract and hold the talent they need to fulfill their organizational objectives (Herman, 2005; HCI, 2005). Since competitive advantage is at the heart of a firm's performance in competitive markets. Firms throughout the world face slower growth as well as domestic and global competitors that are no longer acting as if the expanding pie were big enough for all Products can be quickly duplicated and services cheaply emulated but innovation, execution, and knowledge cannot. Wernerfelt (1984) suggested that evaluating firms in terms of their resources can lead to insights that differ from the traditional perspective. A firm's resources are defined as tangible and intangible assets which are tied semi-permanently to the firm.

2.3. Strategic Talent Acquisition

STM begins with identification and acquisition of organizations' personnel. Organizations have their approaches of identifying appropriate talent. Some organizations consider recruitment of talent as one of the most significant process in managing talent. Such organizations believe in a concept of great input-great outcome (Lewis & Heckman, 2006). While organizations accord recruitment of talent an important status it is not clear how they source for talent that meet human resource of their organizations. (Lewis & Heckman 2006), identifies campus recruitment as one of the ways leading companies in Thailand source for talent. He noted that this exercise was supervised by the highest decision bodies in the companies such as the board of directors. This he argues is not only meant to demonstrate the level of importance attached to recruitment but also that the expertise of board members help in identifying key qualities and skills that fit into organizations' business strategy. Indeed even the study agrees that the degree of importance of recruitment may be determined by among others the level of involvement of organizations top management. While looking at recruitment strategies in Swiss industrial sector, Senge (2006) reported that most of the companies recruited talent who can be developed and prepared for future human resource of the companies. But he argues that the successful recruitment and subsequent retention of such talent depends on the extent to which the exercise is aligned to a firm's strategy. The study concedes that talent acquisition policies should follow from organizations' strategic interests if the relevance of the skills being sourced is to be relevant to the firm's short and long terms goals. The success of tapping appropriate talent according to Muchinsky (2000) depends on the selection practices adopted by a firm. According to him selection practices that are not merit-based and have poor reliability and validity are a liability to an organization and can even expose the company to discrimination claims. He concludes that poor selection decisions can result in further recruitment costs, training and orientation costs, burnout, lost opportunity, reduced profit, loss of competitive advantage, impaired image and reputation. It is quite clear here that recruitment if not well handled may actually lower a firm's competitiveness. This implies that at all times banks must employ selection criteria that yield reliable and valid information, which can then be used to guide in the selection of the right talent. Interviews are used in the selection of talent in many organizations. An interview panel is not only viewed as a selection method but the most important long-range human resource planning particularly in succession planning. Top management representatives usually attend an interview panel officially in order to evaluate a person fitting with an organization both physical and mental characteristics. Although interviews is extensively used in the selection of talent in many organizations, scholars such as (Nankervis, Compton, & Baird, 2005) maintain that aptitude test should be used to complement for a good result to be realized. turned out to be quite ineffective since very often they failed to meet specific requirements of financial organizations. As already said above, excessive focus on financial indicators has forced banks management to turn the blind eye to the numerous indicators representing overall organization performance. The problem is that financial indicators show what has already happened to the bank while it is very important to plan ahead and know what will happen in future. This is where nonfinancial indicators can help. And that is why Balanced Scorecard system has turned out to be a more effective tool to measure business performance of financial organizations and communicate operational management with strategic vision.

2. METHODS

The population of study was drawn from all commercial banks with branches in Nakuru Town. There were 44 registered commercial banks in the whole country as at the time of study (2012), mostly constituting branches in various towns. According to the same list there were 26 banks in Nakuru. While all banks with branches in Nakuru town were targeted, the study considered heads of three key departments in the banks namely service, operations and general management as its primary target. This is because they are the most knowledgeable persons at branch levels regarding issues related to talent management strategies. Purposive sampling method was used to select heads of departments namely operations, service and general management from each of the participating commercial banks. For the purpose of the study, a closed - end questionnaire was designed with questions on employee's demographic profile and specific talent identification and acquisition initiatives. A five-point Likert Scale was employed with response to categories ranging from strongly agree to strongly disagree; the study used a self-administered questionnaire to gather information from the respondents. The data was analyzed with the help of Statistical Package for Social Sciences (SPSS) computer program (version 12.0).Descriptive statistical tools were used to analyze the respondent's bio data while correlation and regression techniques were used to determine the effect of Strategic talent identification and acquisition on competitive advantage.

3. RESULTS AND DISCUSSIONS

3.1 Descriptive Analysis

The author focused upon the background information of the selected Commercial banks in Kenya. Such a profile is important since it helps to unravel the factors, which influence competitive advantage of the organizations. The description included: Organization's year of establishment, duration in operation, number of employees, respondents' designation, gender, age, education level and market of operation

According to research data (Table 1) 59.7% of the respondents had 1-3 years of working experience, 24.2% had worked for 4-6 years, 6.5% had worked for 10-12 years, 4.8% had worked for 15-20 years, and 3.2% had worked for 21-30 years while 1.6% had worked for 13-15 years. From the responses, there is an indication that majority of the management staffs have served for a shorter period due to high talent mobility and this calls for frequent identification and acquisition of management staffs.

Table 1: Years of Service in the Organization

Period	Frequency	Percent
1-3 yrs	37	59.7
4-6 yrs	15	24.2
10-12 yrs	4	6.5
13-15 yrs	1	1.6
15-20 yrs	3	4.8
21-30 yrs	2	3.2
Total	62	100.0

As results show in table 2, 77.4% of the respondents generally agree that talent identification and acquisition is heir-inherited positions by certain employees, 17.8% generally disagree while 4.8% are undecided. This is in contrary to the study carried out by(Gunter K. Stahl,2007)who found out that companies recruit the best talent and then places them into positions rather than trying to recruit specific people for specific positions which is a common practice within commercial banks. The author agrees that most banks have the fundamental aspects of talent acquisition firmly in place.

Furthermore, 59.7% of the respondents generally agree that talent identification and acquisition is via talent pool for the various leadership positions, 27.4% generally disagree while 12.9% are undecided. This implies that talent pool is an increasingly popular and effective recruiting strategy in banks and it is commonly used to recruit managerial positions. The findings support the work of (Geppert & Matten 2006) that banks increasingly understand the use of talent pools. Talent management is beyond succession planning. Rather, it is about developing pools of skills, giving employees the opportunity to widen the scope of their expertise and experience while at the same time providing organizations with the talent they need to grow and evolve. Therefore, talent identification and acquisition practices of the organization can lead to competitive advantage through developing a unique and valuable human pool (Delery, 1998

In addition, 87.1% of the respondents generally agree that talent identification and acquisition is reactionary after resignation or attrition from other banks, 3.2% disagree while 9.7% are undecided. While all organizations look to recruit talented individuals, (CIPD's 2006) many build collections of talent before or after recruitment. This implies that banks don't have clear policies on hiring and maintaining potential talents. Talent banks operate where an organization identifies and attracts potential recruits before they're required, as candidates often emerge who are clearly desirable and interested in the organization but there may not be a suitable current opening. By periodically engaging with these candidates (especially if there's a niche position requiring special skills) and informing them when appropriate opportunities arise, companies save time and expense in future searches. Take internal mobility, for example. When seeking to fill a critical position in a global organization, a manager can now quickly identify a pool of candidates by accessing consolidated system data concerning an employee's performance reviews, individual development plans, certifications, education and compensation—for greater insight and visibility. If that supporting technology is not in place, manual staffing (or succession planning) can be both arduous and less effective.

Also, the study outcome shows that 95.9% of the respondents generally agree that talent identification and acquisition is from fresh graduates. This confirms that banks prefer fresh graduates from experienced employees who have worked for sometime. Fresh graduates are preferred because they can easily be managed in terms of compensation and also flexibility. Fresh graduates are also preferred because they have enough time to utilize their talents and they are at their prime age where productivity is high.

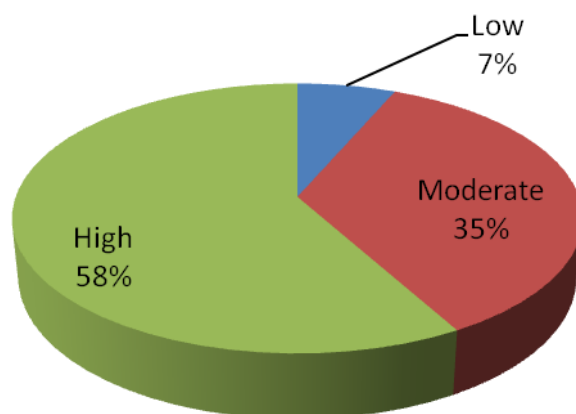
Table 2. Effect of Talent Identification and Acquisition on Competitive Advantage

	Strongly Disagree	Disagree	Un-decided	Agree	Strongly Agree	
Heir- Inherited positions by certain employees	8.1	9.7	4.8	22.6	54.8	4.065
Talent pool – Different talent pool for the various leadership positions	3.2	24.2	12.9	37.1	22.6	3.516
Reactionary- Reactions after resignation or attrition from other banks	0.0	3.2	9.7	33.9	53.2	4.371
Fresh graduates from college	0.0	1.6	3.2	50.0	45.2	4.371

Source: Research Data

On the basis of the statistical means (Table 2), talent identification and acquisition approaches are ranked in order of magnitude as follows: Fresh graduates from college (4.371), Reactionary- Reactions after resignation or attrition from other banks (4.371) Heir-inherited positions by certain employees (4.065) and Talent pool (3.516).

With regard to overall talent acquisition, survey data (Figure 1) shows that 58% of the respondents reported “high”, 35% reported “moderate” and only 7% reported “low”. The study findings indicate that talent acquisition influences competitive advantage to a greater extent in the banks .



Source: Research Data

Figure 1. Overall level of Talent Acquisition

3.2 Inferential Statistics

The author examines the relationship between talent management and competitive advantage at 0.05 significant levels on Table 3. The results show that talent acquisition significantly affects competitive advantage ($r = 0.312^*$). This implies that the more talent acquisition is applied by the organizations, the more it influences the competitive advantage, and therefore banks need to put in place mechanisms of acquiring the required personnel in order to achieve competitive advantage. This may mean that commercial banks try to identify talented candidates such that only competent people get into the organization. The focus in the recruiting and selection process is the critical dimension of a candidate’s ability to learn (Paul & Anantharaman, 2003; Wynkoop & Waltz, 2000), and organizations see recruiting as an effective way to achieve competitive advantage of sustained competitive advantage (Marchington & Grugulis,2000).

Table 3. The Effect of Talent Management Approaches on Competitive Advantage

	Competitive Advantage index	Talent acquisition index	Talent training and development index	Reward index
Competitive Advantage index	1.000	-.312(*)	-.061	-.171
	.	.014	.639	.187
	61	61	61	61
Talent acquisition index	+.312(*)	1.000	-.244	.172
	.014	.	.056	.180
	61	62	62	62
Talent Training and development index	+.061	-.244	1.000	.021
	.639	.056	.	.873
	61	62	62	62
Reward System index	+.171	.172	.021	1.000
	.187	.180	.873	.
	61	62	62	62

* Correlation is significant at the 0.05 level (2-tailed).

Source: Research Data

3.3 Regression Analysis

In order to determine the influence of the independent variables (Talent acquisition) on the dependent variables (competitive advantage), regression analysis was done. In this regard, the independent variable such as Talent Acquisition was regressed on the dependent variable competitive advantage. The results of the regression analysis are presented in the below table.

Table 4: Regression Analysis

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.775	.688		5.483	.000
	Talent Acquisition	.094	.051	.239	-1.826	.073

Dependent Variable: Talent mgt outcome index

On the basis of the Beta and significant values (Table 4 above), elements of Strategic Talent Management namely; Talent recruitment and acquisition ($\beta = 0.239$, $P = 0.073$), is found not to significantly influence competitive advantage in commercial banks since ($P > 0.01$). This means the independent variable does not contribute significantly to the model and thus the null hypothesis that talent identification and acquisition do not significantly influence competitive advantage in the commercial banks in Kenya is not rejected.

4. CONCLUSION AND RECOMMENDATION

The study reveals that talent identification and acquisition is heir- inherited, it also found that most banks have talent pools for identifying and acquiring potential employees. In addition talent acquisition and identification is reactionary after resignation or attrition from other banks. On the relationship between talent identification and acquisition on competitive advantage, the analysis indicates that there is a relationship between talent acquisition and competitive advantage This supports the work of Ingham (2006), Ashton and Morton (2005) and McGee (2006) who noted that over the years effective and efficient management of land and capital as factors of production has been dependant on labor. But it was until the last two and a half decades that talent was recognized as the most valued asset of the firm. This realization they hold led to the emergence of organizational talent as the focal point of firms' competition unlike

in the past when land and capital were considered the main drivers of business competition. The growing recognition that quality talent is an impetus to a firm's competitive advantage is also shared by Bryan & Weiss (2006). Further analysis by regression on how the elements influence competitive advantage was carried out and the variable did not contribute significantly to competitive advantage. These results contradict other researches done earlier which found out that good talent management strategies lead to greater productivity, and even faster revenue growth which translates to competitive advantage in the organization. According to (Woodruffe, 2003) there is the competitive perspective of talent management strategies when looked from default perspective it is also seen in the professional services firms where they generally adopt the competitive approach because their business proposition is based on the talents of their people. Based on the above findings and conclusions, the study recommends the need to strengthen talent identification and acquisition aspects as well as other elements of corporate strategy in the banks. This study also recommends the need to make talent management strategies a top priority of the corporate strategy in banks given the increasingly challenging global business environment. The future of talent management will need to evolve from where it is today to become a more systematic business process. The study shows that, but most organizations are still struggling to systematize and integrate their talent management processes. People are valuable resources insofar that they allow the firm to conceive or implement strategies that improve their efficiency and efficacy. This criterion means that job demand and offer are heterogeneous, that is, firms offer jobs that need different types of skills and individuals show differences in their skill types and levels. Thus, there is a variance in the value that individual contributions have for the firm, and, therefore, suitable talent can give value to the firm. The continuous process of developing a talent pool is an upcoming best practice in banks. This provides a good ground for leadership development and succession planning. Furthermore, considering that the recruitment construct in this study refers to the effectiveness of the recruitment process and not just to the existence or extensiveness of this process, the important conclusion here is that effective recruitment is positively related to banks competitive advantage. The study reveals that most employees serve for less than six years within the banking sector. It is well known that talent that is recruited and selected competitively and inducted using elaborate and effective placement program will not only have the relevant competence but also stand to feel more satisfied with their jobs in addition to having confidence in their organization (Towers, 2002). Such talents are likely to remain in an organization for a reasonably longer period of time thus allowing the organization to build competence around them leading to competitive advantage. On the contrary talent acquisition strategy that is shrouded in mystery, uncompetitively done may result in talent that bears allegiance to specific individuals that helped them secure the job opportunity. Such talents may not enjoy the confidence of the entire organizations and their continued stay in the organization may be at the behest of the godfather. They may not be committed to the organization besides being unable to competently handle their jurisdiction. The result of this situation may be low motivation and job dissatisfaction leading to competitive disadvantage.

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