



## TALENT MANAGEMENT STRATEGIES FOR COMPETITIVE ADVANTAGE IN HIGHER EDUCATION

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### **Abstract**

*Institutions of higher education in India are becoming business entities, competing for resources and students, both in the local and international market. The private sector is already playing a significant role in the development of education in India, and its influence and presence will increase substantially. As educational institutions begin to view themselves as business entities they also feel the need to replicate business models hence terminology and concepts like talent management and competitive advantage are finding a place in the higher education sector as well. Higher education institutions all over the world including those in India have to develop competitive advantage in order to survive and thrive in the new market conditions and one way in which they can do this is by managing their human resources effectively. Talent management is beneficial to organizations because it results in a number of positive organizational outcomes. This paper discusses the meaning and relevance of talent management with reference to faculty retention in affiliated colleges especially those in the private sector and outlines a number of strategies to manage talent effectively and gain competitive advantage.*

**Key Words:** *Higher Education, Private Sector, Competitive Advantage, Talent Management*

### **Introduction**

Globalization has resulted in the massive expansion of the service sector in developing nations like India, and education is recognized as an important component of the service sector. Higher education institutions especially in countries like India were not regarded as “profit-making organizations” in the past. However post the implementation of liberalization, privatization and globalization this has changed. Institutions of higher education are becoming business entities, competing for resources and students, both in the local and international market. Higher education, especially technical education, has been attracting large private investment since 2005. There exist tremendous opportunities in both technical education as well as general education. Under the new five-year plan (2012-17), undergraduate education, for the first time, has been elevated to a top priority position in the government’s push on expansion, inclusion and excellence. The undergraduate sector in India is huge: currently 14.6 million (86%) students are enrolled on undergraduate courses, compared to 2 million (12%) on post-graduate courses. If there is one overall structure which defines Indian higher education, it is the affiliated college system. In India a major chunk of students study at public and private colleges. With the rise of the middle classes, an increasing number of people today do not rely on the state to provide an education service. Hence, the private sector is already playing a significant role in the development of education in India, and its influence and presence will increase substantially.

As educational institutions begin to view themselves as business entities they also feel the need to replicate business models hence terminology and concepts like talent management and competitive advantage are finding a place in the higher education sector as well. The concept of competitive advantage was first described by Ansoff (1965) as the “*properties of individual products/markets which will give the firm a strong competitive position*” (p79). Uytterhoeven *et al.* (1973) referred to competitive advantage as the manner in which a firm applies its skills and resources to gain superior return on investment in a product market. According to Porter (1980) there is a link between value creation and competitive advantage and creating value for buyers is the means to attain competitive advantage. In other words there is a reciprocal relationship between the two. So any organization has a competitive advantage when it creates more economic value than its competing or rival organization, and this competitive advantage in return will enable the firm to earn greater economic value than its competitors.

Within this context of increasing competition, the use of talent management as a way to gain competitive advantage becomes relevant in the higher education sector. Higher education institutions all over the world including those in India have to develop competitive advantage in order to survive and thrive in the new market conditions and one way in which they can do this is by managing their human resources effectively. Strategic Human Resource Management literature indicates the potential of human resources as a source of sustainable competitive advantage (Becker and Huselid, 2006; Schuler and Jackson, 1987). Resources and capabilities that determine a firm’s competitive advantage are directly tied to the capabilities of talented individuals who make up the firm’s human capital pool (Cheese, Thomas and Craig, 2008; Wright, McMahan, and McWilliams, 1994). According to Lavania *et al* (2011) as competition increases attracting, developing and retaining qualified talent is crucial for institutional success. Research has shown that higher education institutions lag behind industry in talent management practices (Lynch, 2007). For educational institutions talent management is a relatively new and untapped opportunity even though it can be a source of great competitive advantage. (Cobb, 2007).



### **Talent Management: Meaning**

Talent is defined as those individuals in organizations who can make a difference to organizational performance either through their immediate contribution or in the longer term by demonstrating the highest level of potential (McCartney & Worman, 2013; Bhatnagar, 2007).

According to Michaelis et al (2001) talent are those people in organizations that possess skills, knowledge, experience, intelligence, good judgment, right attitude and character, as well as drive and who are always willing to learn and grow. Talent therefore, refers to those organizational members who have relevant knowledge and skills, are self-starters and demonstrate organizational commitment. Thus talent, is not merely about job-related technical skills and know how, it also involves the right attitude.

Talent management is a systematic attraction, retention and development of individuals with high value to the organization (McCartney & Worman, 2013; Lawler, 2008; Smyley & Wenzel, 2006; Campbell & Smith, 2010; MOR, n.d.). Talent management is also defined as the process that deals with the identification and development of all talent especially high potential talent for future assignments, positions or projects (Clark, 2009; Cobb, 2007). According to Heidke (2006) talent management is a dynamic, ongoing process of systematically identifying, assessing and developing talent for future critical roles to ensure continuity and optimal organizational performance. Talent management is based on the premise that employees are every organization's most valuable asset (Cobb, 2007). In the race to retain key talent, institutions are poaching rather than developing talent (O'Callaghan, 2008; Conti, 2008). This however is not a sustainable approach hence the need for talent management.

### **Talent Management: Need and Significance**

According to McCartney & Worman (2013), talent management has become relevant to higher education due to conditions like increased competition among higher education institutions; need to address future leadership; recruitment and retention challenges institutions face as well as skills shortage and under-utilization of expertise of existing workforce. According to Heidke (2006), Talent management is beneficial to organizations because it results in a number of positive organizational outcomes. Employee turnover decreases resulting in a reduction in cost of recruitment and maintenance of adequate staff capacity, knowledge management and transfer becomes more effective, better quality of service resulting in client retention all these in turn result in reduced risk and enhanced competitive advantage for the organization.

Considering the importance of talent management it follows that higher education institutions must consciously work towards talent management. However if one looks at the scenario in India we find very little awareness of its importance both among institutions in the private sector as well as public sector especially in the affiliated college segment. Affiliated colleges which receive funding from government are rigidly governed by government rules and regulations and have very little freedom to do what is needed to acquire and retain good talent. Private colleges which generate and manage their own funds are also governed by rules laid down by the government from time to time especially in relation to required qualifications. This is not to say that talent management is not relevant to them. It is important for all organizations to take a proactive role in identifying and cultivating their workforce who have capability and potential however there may be some limitations in regard to the steps they can take to foster talent within their organization.

### **Talent Management Strategies**

In order to develop effective strategies to manage talent it is important for an institution to find out what drives talent to join and continue to remain in a particular higher education institution. Institutions must also make an assessment of what they can offer and try to bridge the gap between what employees want and what they can offer. Research indicates that job security is the most important factor followed by salary, career development opportunities, promotion opportunities and other benefits being the least important factor (Towers Watson, 2011; Salt, 2007; Shaffer, 2008). While the colleges which are receiving government funding are in a position to provide all these the case of private colleges is very different. This is especially true of factors like salary and opportunity for advancement. This means that such organizations must adopt other techniques to attract and retain talent. Higher education institutions must use a best practices approach to managing talent within them so as to leverage competitive advantage. Some of these techniques which do not cost the institution much but foster employee satisfaction and retention are

- Communication and feedback to improve and maximize employee performance so as to foster institutional growth.
- Ensuring employee role fit by assigning people into roles and positions their skills and knowledge best fit so that employees are motivated to perform to the best of their abilities.



- Linking employee growth to the growth of the institution through a clear and transparent compensation management strategy that makes it easier to monitor employee progress and reward top performers accordingly (Lavania et al, 2011).
- Streamlining roles and responsibilities and working out clear succession plans so as to anticipate future manpower needs and develop internal talent to match these needs.
- Incentive based compensation should be introduced which should be adjusted according to market conditions
- Employees who come up with innovative ideas must be compensated so that talented people feel valued appreciated and recognized and this fosters employee engagement, performance and retention of good employees.
- Faculty must be encouraged to upgrade their qualifications by introducing schemes to provide them assistance. According to Collings and Mellahi (2009) an employees' knowledge, skills and competencies are an important competitive weapon, hence talent needs to be maximized and recognized as one of the discrete source of organizational competitive advantage.
- A team based culture must be created in the institution which fosters mutual cooperation because cooperative co-workers are a modest source of job satisfaction to individual employees. Good and supportive co-workers and interpersonal relationship makes the job easier and enjoyable which in turn increase the level of job satisfaction (Ellickson& Logsdon, 2001).

### Conclusion

Talent management though a relatively new concept in the field of higher education is crucial to the long term sustainable competitive advantage of organizations. With the increasing entry of private players in the form of private universities and colleges competition is gradually increasing and the concepts of talent management and competitive advantage becomes increasingly relevant. According to Ernst & Young (2010) organizations that fail to redefine their employee value proposition always have problems in attracting, developing and retaining top talent. The current speed of change and the complexity of activities in higher education now require that institutions have agile talent management practices and processes as discussed above not only to succeed but to also attain competitive advantage. Talent management will become the single major factor which will determine which institutions will survive and thrive in the competitive higher education market.

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