Critical Success Factors for Inclusive Talent Management in Malaysia

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There are two perspectives to talent management (TM) practices, exclusivity and inclusivity. The limelight, however, has been on the widely practised exclusive TM approach through development of high potentials. As part of the 12th Malaysian Plan, the social reengineering goal seeks to attain an inclusive nation. Thus, this paper sets out to outline propositions and a framework on critical success factors (CSFs) of TM followed by potential research questions for future researches. This paper sets out to explore the under-researched area of inclusive TM by studying its critical success factors (CSFs) that would enable applicability in Malaysia by means of an inclusive talent development plan. In doing so, the stakeholder, resource-based view and ability, motivation and opportunity theories can be synchronously utilised. As a result, four CSFs to inclusive talent development were identified, inclusive TM as a priority, the presence of multiple contingent inclusive employee valuation propositions, the need for strategic recruitment passages, and the ability to generate and develop inclusive talents’ knowledge, skills, and abilities. For Malaysia’s government and respective bodies to realise the goal of their inclusivity targets, they need to recognise CSFs of inclusive TM best practices primarily in relation to talent development.

Keywords: inclusive; talent management; Malaysia; critical success factors

1. INTRODUCTION

The term talent management (TM) in itself remains ambiguous as with its indefinite definition. Nevertheless, all definitions in past literatures centre around human resource activities such as recruitment, selection, development and career management (Lewis & Heckman, 2006; Collings & Mellahi, 2009; Collings, 2014; Vaiman, Haslberger & Vance, 2015; Bolander, Werr & Asplund, 2017). From the literatures, it was unveiled that talent development departs from two major perspectives in the practice of TM, exclusivity and inclusivity. The limelight, however, has been on the widely practised exclusive TM approach through the development of high potentials, synonymously referred to as high performers or ‘A’ employees. Literature tends to ignore or support the termination of the low performers, also known as ‘C’ performer. They tend to overlook the inclusion of less-privileged employees in terms on their skills, jobs, and position in organisations. Instead, the focus is on the elitist group (Al Ariss, Cascio & Paauwe, 2014; Kabwe & Okorie, 2019; Asplund, 2020). Exceptions like that of Thunnissen et al. (2013), Bolander et al. (2017), and Williamson and Harris (2019) give regards to development of all employees, an inclusive approach rather than exclusive. The focus on exclusive TM is mainly due to the view that only high achievers, i.e. ‘talent’ in TM strategies, will contribute significantly to organisational performance (Maqueira, Bruque & Uhrin, 2019; Clarke & Scurry, 2020), notwithstanding that it could potentially incur higher costs in comparison to developing talented ‘C’ players within the company towards a career progression plan. However, despite the burgeoning research interest around the topic of talent management, there still is a dearth of knowledge in prior literatures regarding the inclusive approach to talent development as part of a key talent management practice. This is rather surprising given that development of low performers has been addressed as a key TM strategy during the novel emergence of TM (Chambers et al., 1998).

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Practitioner literatures solely focus on exclusive talent development since most organisations tend to develop only high-performers and key employees, an elitist, differentiated architecture, exclusive approach (Lewis & Heckman, 2006; Collings & Mellahi, 2009; Collings, 2014; Vaiman, Haslberger & Vance, 2015; Collings & Isichei, 2018; Tyskbo, 2019). In developing countries, like Malaysia, developing high performers as such could be financially strenuous given the high cost of investment. Thus, there is an urgent need for further research on inclusive talent development as a key TM tool. Lower level employees and low performers or also known as the ‘C’ players (Lewis & Heckman, 2006; Collings & Mellahi, 2009; Collings, 2014; Vaiman, Haslberger & Vance, 2015; Maqueira, Bruque & Uhrin, 2019) need to be scrutinised in identification of candidates’ willingness or potential to be developed. This need is further intensified with the increasing challenge of mismatch between the industry required skills and individual acquired skills (Wong & Day, 2019). In the case of Malaysia, this mismatch gap could be closed through inclusively developing ‘C’ players within an organisation’s internal talent pipeline as it would be less costly than hunting down top talent externally or developing high performers within the organisation. Should high performers be trained, organisations may potentially be at risk of losing the talent should the talent’s pay not match standards of other organisations (Kulkarni & Scullion, 2015). Besides, developing ‘C’ players within an organisation provides them with career progression opportunities that is more likely to ensure their loyalty with the organisation as their key resources as per RBV would have been tapped on (Barney, Wright & Ketchen, 2001; Valverde, Scullion & Ryan, 2013; Vaiman, Haslberger & Vance, 2015). In turn, these ‘C’ players’ quality of life could be increased and the issue of an inequitable society within the nation could be eradicated. From an all-around perspective, inclusively developing ‘C’ players in an organisation would be more economically viable to the organisation in place and towards the country as a whole.

This paper sets out to address the dearth of knowledge on inclusive talent development by studying the critical success factors (CSFs) of talent development as a key talent management tool in creating an inclusive equitable society within the context of Malaysia. Applying the stakeholder theory (Miles, 2012) whereby organisations should direct their focus beyond only amassing shareholders wealth, employees as key stakeholders of organisational performance should be inclusively developed to meet the necessary ability prerequisite of the ability, motivation and opportunities (AMO) theory (Jiang et al., 2012; Bos-Nehles, Riemsdijk & Looise, 2013; Marin-Garcia & Tomas, 2016; Ujma & Ingram, 2019). This is reinstated by the resource based view theory (RBV) whereby resources that are valuable, rare, inimitable and non-substitutable needs to be tapped on and developed in order to build a competitive strength for an organisation (Barney, 1991; Barney, Wright & Ketchen, 2001). Consequently, in order for the government and respective bodies in Malaysia to realise social re-engineering of the 12th Malaysian Plan goals (Economic Planning Unit, 2019), they need to recognise CSFs of TM that can be applied in the creation of an inclusive equitable society within Malaysia.

II. LITERATURE REVIEW

A. Evolution of TM Definition

TM evolved from the very novel term “war for talent” coined by McKinsey & Company dating back to 1997 when talent retention began to get increasingly strenuous in response to a shortage for highly skilled people (Chambers et al., 1998). Hence, there was a need for organisations to manage talent in the competitive knowledge-based landscape in order to possess the highest quality talent available so as to shape its triumph in the marketplace. Since then, numerous definitions of TM have been proposed prompting Lewis and Heckman (2006) to conduct a review on the issue. As a result, Lewis and Heckman formed 3 distinct perspectives of TM put forth by authors in the past:

1) a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection, development, and career and succession management.

2) concept of talent pools – a set of processes designed to ensure an adequate flow of employees into jobs throughout the organisation.

3) focus on talent generically without regard for organisational boundaries or specific positions. Talent emerges in two views – firstly talent as high
performing and high potential talent regarded as an unqualified good; secondly, a resource to be managed primarily according to performance levels, either encourage rigorously terminating “C” players of “topgrading” organisation via exclusively hiring “A” players.

However, (Lewis & Heckman, 2006) believe that the analogy “TM as architecture” is best suited to add value strategically to the conceptualisation of TM as opposed to the three common perspectives discussed, which failed to contribute to the clarity of TM definition. As such, their review provided a suggestion for researchers to make TM more strategic by grounding TM in a strategic decision framework that clearly guides talent decisions. Developing systems-level models that illustrate the multi-pool impacts of talent choices and developing reliable, valid and theoretically meaningful measures researches can markedly improve the quality of talent conversations in organisations (Lewis & Heckman, 2006, p.152).

On the other hand, Hughes & Rog (2008) define TM as both, a philosophy and a practice. They believe that TM is an implementation process of integrating human resource management (HRM), both strategically and technologically, which is shared by all those in supervisory and managerial positions. There is an emphasis in specifically directing those practices on mainly high potential employees in terms of human resource planning which includes recruitment, development, retention and succession practices. The widely shared notion of human resources as a core competitive advantage for organisations which is increasingly becoming undersupplied, is yet again iterated. In 2009, Collings and Mellahi highlights three elements to TM definition:

1) a systematic approach to identifying key positions which vary in contribution towards the sustainable competitive advantage of an organisation.
2) development of high potential and high performing incumbents in order to place them in those identified pivotal positions that contribute variedly towards the organisation’s sustainable advantage.
3) the significance of a differentiated human resource architecture in facilitating the appointment of competent incumbents into key positions and safeguarding their unending commitment towards the organisation.

More recent articles tend to extend upon or merely adopt the novel definitions of TM during its evolution period. Valverde et al. (2013) definition builds upon Lewis and Heckman’s 3rd perspective as talents were considered according to loyalty, company commitment, trustworthiness and consistencies in performance. Thunnissen et al. (2013) further builds onto the same perspective as the latter by iterating the fact that there is no unanimous definition built to explain talent. However, based on past literatures, they break down the definition into two dimensions: (1) subject-object, and (2) inclusive-exclusive. Accordingly, they suggest that TM models could centre around those two dimensions. For example, a narrowly defined, exclusive-subject approach model that concentrates on a select group of high performers or high potentials, or a broadly defined, inclusive-object approach model that boosts every employee to reach his/her maximum potential. Collings (2014) adopts Collings & Mellahi (2009) definition in his article. Subsequently, Vaiman et al. (2015) defines both talent and TM based on a combination of two literatures, that of Tarique and Schuler (2010) and Vance and Vaiman’s (2008) article. Correspondingly, talents were referred to as pivotal people in critical work positions who have or intend to have a specialised and in-demand set of known knowledge and skills.

In 2017, Bolander et al. associated TM to four distinct types which revolve around (1) developing each employee’s talent, (2) identifying the talented few, (3) recruiting the most talented among talents, and (4) giving talent opportunities to prove themselves.

B. TM Strategies

Numerous TM strategies have been presented in various articles. The very novel notion began with the founder of TM, McKinsey and Company, to suggest four strategies to tackle talent issues: (1) ensure management of talent is of utmost priority in the organisation of matter; (2) an employee value proposition (EVP), should there be none, is to be drawn out carefully, or if already in existence, be further refined; (3) a strategic game plan on recruitment passages needs to be dissected and, (4) embrace vigorous talent development plans with focus on low performers, effective feedback
systems, welcoming people into the job world well before they’re prepared for it and getting to the root of retention issues (Chambers et al., 1998).

Expounding on strategy (1), Hughes and Rog (2008) identified two measures to assert the importance of TM within an organisation. Firstly, by setting out a clear definition of TM and its intended goals (Bolander, Werr & Asplund, 2017). Secondly, by establishing a high level of top management commitment and leadership roles in creating a TM mindset throughout the organisation in line with the strategic goals. For example, in a Spanish firm, team-based talent management approaches are employed in fostering high levels of autonomy and creativity amongst employees to achieve organisational learning (Oltra & Vivas-López, 2013). Accordingly, the following propositions can be made:

P1: Transparent TM guidelines is a prerequisite to robust TM strategies.

P2: High level of top management commitment and leadership roles positively impacts TM strategies.

In relation to strategy (2) on EVP, the core of TM is to ensure a presence of value-added strategic perspectives alongside opening of new passages for research (Lewis & Heckman, 2006). Guthridge et al. (2008) expanded the concept by emphasising employer brand adaptation towards segments with varied values and expectations like generation X and Y, middle-aged women, or even a more niche segment such as lifestyle ambitions of generation Y which may be different in Asia and South America but similar for those in Europe and North America. In other words, there needs to be multiple EVPs, not just one as suggested earlier. In fact, an audit based on proven best practices for HRM with subsequent alterations and officialisation of those processes should be governed (Hughes & Rog, 2008). Therefore, the following proposition can be made:

P3: Multiple contingent EVPs positively relate to robust TM strategies.

As for strategy (3), on a game plan, it can be thought as an act of bolstering human resource (HR) in a sense where those in the department of HRM should acknowledge the inclusive approach (strategy 4) alongside the formation of multiple contingent EVPs (strategy 2) to achieve their organisational goals (Guthridge et al., 2008). By doing so, a more profound business knowledge would be possessed by HR leaders. Hughes and Rog (2008) build on to suggest that this game plan could be carried out through talent assessments, data management and analysis systems while simultaneously ensuring employees obtain the required analytical skills to operate them. It is also suggested that a robust structure and transparent line of management accountability be in place alongside development of an execution plan. In doing so, a differentiated HR architecture should be generated as every HR practice is contingent to specific organisational contexts (Al Ariss et al., 2014; Collings & Mellahi, 2009; Vaiman et al., 2017). That should be followed through identification of vital talent positions and development of a talent pool (Järvi & Khoreva, 2020; Kulkarni & Scullion, 2015). Accordingly, a Spanish medium-sized organisation considers their employees as talent based on performance and attitude in the workplace with top management always in the pool of talent base immaterial of their performance level (Valverde, Scullion & Ryan, 2013). Although there was no evidence of inclusivity being superior to exclusivity in their differentiated TM approach, there was a bias in terms of higher training provision for those in the exclusive talent pool. That very exclusive approach to TM was deemed to facilitate more engaged employees who tend to contribute relentlessly to the organisation (Collings & Mellahi, 2013). Therefore, organisations need to develop a talent pool which safeguards the commitment between employer and employee, capabilities, and contribution of employees by looking into talent requirement dynamics to subsequently reduce the mismatch between quality and quantity of talent (Collings, 2014). This differentiated human capital development plan, if applied in a multi-level setting, from individual, to unit, and firm level global context, would facilitate the formation of a talent portfolio or talent pool according to a company’s multidomestic, meganational, or transnational strategy (Morris, Snell & Björkman, 2016). The effectiveness of the plan in achieving the intended outcome could be investigated through the generation and development of required knowledge, skills, abilities, and other characteristics (KSA) amongst employees, a resource-based view (RBV) pathway (Collings, Mellahi & Cascio, 2019). Thus, the following propositions can be made:
P4: Practicing inclusivity and multiple contingent EVPs translates into a more robust TM strategy.

P5: Talent assessments, data management and analysis systems are prerequisites to a robust TM strategy.

P6: Transparent line management of accountability and a robust differentiated HR architecture translates into a robust TM strategy.

P7: Identification of vital talent positions and development of a talent pool positively affects a robust TM strategy.

P8: Generating and developing employees required knowledge, skills, abilities, and attitude (KSAs) reflects effective TM strategies.

In contrast, strategy (4) has given rise to the inclusive approach to TM, a concern expressed by only a few authors. Guthridge et al. (2008) supported the idea by highlighting the need to target talented, direct and indirect, workforce at all levels. The focus should not only be on retention of A players in top managerial positions (Valverde, Scullion & Ryan, 2013). In Germany, it was found that most SMEs opt for a rather inclusive TM approach with greater weights placed on employee retention, training and development as opposed to recruitment strategy (3) (Festing, Schäfer & Scullion, 2013). Kulkarni and Scullion (2015) focus on the disabled to be part of the inclusive approach to TM by highlighting a realistic view of talent in all individuals. Accordingly, the following proposition can be made:

P9: Inclusive TM strategies primarily consists of employee retention, training and development.

In summary, all strategies to successfully implement and gain a competitive advantage from TM practices in organisations tend to revolve around (1) identification, recruitment, selection of talent, (2) identification of key talent, (3) development of employees, (4) management of talent flows, and (5) protection of talented human capital retention (Vaiman, Hasberger & Vance, 2015) These are typically conducted from either one of the four perspectives to TM: (1) the humanistic perspective whereby all human capital’s talent is developed, (2) the competitive perspective where only a few are identified as talented individuals, (3) the elitist perspective of recruiting the most talented of talents, and lastly (4) the entrepreneurial perspective which gives every human capital considered as talents an opportunity to prove themselves (Bolander, Werr & Asplund, 2017).

C. Talent Development as a Key TM Tool

Talent development, a subset of Lewis and Heckman’s (2006) first perspective on TM definition, departs from two approaches, exclusive or inclusive (Thunnissen et al., 2013). Although numerous TM strategies have been presented in various articles, strategy (4) which gives rise to the inclusive approach to TM as part of a talent development plan is often invisible in TM practices.

In studying the effect of TM on talent development, several theories have encompassed prior literatures including resource-based view (RBV) (Höglund, 2012; Tatoglu, Glaister & Demirbag, 2016; Crane & Hartwell, 2019; Kabwe & Okorie, 2019), human capital theory (Collings, 2014; Kabwe & Okorie, 2019), social capital theory (Collings, 2014), social exchange theory (Festing & Schäfer, 2014), institutional theory (Horwitz, 2013; Tatoglu, Glaister & Demirbag, 2016) and psychological contract theory (Höglund, 2012; Clarke & Scurry, 2020). None of the papers have addressed talent development from the perspective of the AMO theory combined with stakeholder theory when in fact these theories together outrightly point out an individual’s skills and knowledge as essentials to positive organisational outcomes alongside the importance of inclusivity practices. Both of the theories together explain the critical value of human capital resources in an organisation’s search for sustainable competitive advantages from the RBV perspective.

According to the AMO theory, individuals’ ability, motivation level and opportunities provided by employers influenced employees’ behaviour towards work performance (Jiang et al., 2012; Marin-Garcia & Tomas, 2016). More importantly, ability acts as a prerequisite for motivation and opportunities and was found to be the only component directly and positively influencing HRM performance (Bos‐Nehles, Riemsdijk & Looise, 2013). Since ability consists of the necessary skills and knowledge possessed by individuals to implement the HRM practices on the ground level (Ujma & Ingram, 2019), this is the area that needs to be tapped given the rising issue of skills mismatch present in many developing countries. However, even the discussions and
conceptualisations on the ability element of the AMO theory focuses on line managers’ skills and competences (Bos-Nehles, Riemsdijk & Looise, 2013). Yet again an exclusive practice which would impose high cost of investments in developing countries. Thus, applying the stakeholder theory whereby organisations should direct their focus beyond only amassing shareholders wealth (Miles, 2012), employees as key stakeholders of organisational performance should be inclusively developed to meet the necessary ability prerequisite of the AMO theory. In support of that inclusive TM practice of ability development, RBV reinstates the importance of building upon a firm’s human capital resources in terms of their knowledge, skills and abilities (KSAs) to produce a sustainable competitive advantage which is valuable, rare, inimitable and non-substitutable (Barney, 1991; Barney, Wright & Ketchen, 2001). The knowledge developed amongst employees will then be turned into knowledge for the organisations, social capital acting as a catalyst of human capital theory phenomena (Teixeira, 2014; Houghton, 2017).

D. Current State of Talent in Malaysia

According to Wong & Day (2019), skills deficit has been identified as one of the driving factors that impacts the future of talent base in Malaysia. Experts have pointed out the mismatch between the education syllabus and actual skills sought by the industry which creates talent skill gaps. These experts highlight the industry requirement skills including problem-solving, critical thinking and analysis. Wong & Day (2019) further asserts that Malaysian human capital lack the digital skills required in this IR 4.0 era to train non-specialised talents on the matter. In turn, specialised talent from abroad is brought in to conduct such training activities. There is a short-term mindset embedded in the education and industrial systems.

In 2009, the Malaysian government launched its New Economic Model (NEM) framework with aspirations of a united and advanced nation. The three objectives are to achieve high income, inclusiveness and sustainability (National Economic Advisory Council, 2009). It is supported by the latest 12th Malaysian Plan (Economic Planning Unit, 2019). Accordingly, the availability of a skilled workforce will highly affect Malaysia’s capability of achieving the high-income objective (Wong & Day, 2019). In fact, reliance on cheap unskilled foreign labourers will detrimentally put Malaysia at risk in achieving its high-income status. Therefore, citing BNM, Wong & Day (2019) states that Malaysia needs to move away from cost suppression dependencies towards quality labour force as its competitive strength. With regards to graduate employability, it has been a rising concern in Malaysia as skills gap, insufficient job creation, and readiness to take up roles in the job world has not set in. Thus, the presence of talent pool deficit will negatively impact the sustained growth objective of the NEM and 12th Malaysian Plan (Wong & Day, 2019). As for the 12th Malaysian Plan, an inclusive and meaningful socioeconomic development as key goals of the shared prosperity vision departs from three dimensions: 1) economic empowerment, 2) environmental sustainability, and 3) social re-engineering. Non-exhaustive list with numerous sub-goals comprise each dimension. The sub-goals associated with the human resource sector include job creation for locals, management of foreign workers, B40 (bottom 40% income group) income elevation, and work-life balance. (Economic Planning Unit, 2019).

III. CONCLUSION & RESEARCH AGENDA PROPOSAL

Based on the literature review analysis, this study theoretically and practically developed the imperatives for inclusive talent management, particularly towards achieving Malaysia’s nationwide goals. Accordingly, nine propositions were critically drawn out to explain the core conceptualisation of TM strategies. The researcher contributes to TM literatures in that it highlights prerequisites and variables to ensure a robust TM strategy with notable shifts towards a more inclusive TM strategy particularly within the context of Malaysia’s rising skills mismatch gap. Accordingly, the following proposed initial framework is drawn out (Figure 1).
Thus, in supplement to the above discussed propositions, the following research questions could be addressed for future researches:

**RQ1**: What are the transparent TM guidelines that act as prerequisites for robust inclusive TM strategies?

**RQ2**: How to ensure high level priority is geared towards inclusive TM strategies on a national level?

**RQ3**: What are the multiple contingent EVPs that positively relate to robust inclusive TM strategies?

**RQ4**: How is practising inclusivity and multiple contingent EVPs translate into a more robust inclusive TM strategy?

**RQ5**: How to create robust talent assessments, data management and analysis systems that catalyses inclusive TM strategies?

**RQ6**: How can a robust differentiated inclusive TM architecture be modelled?

**RQ7**: How to identify vital talent positions and develop a talent pool that catalyses robust inclusive TM strategies?

**RQ8**: What are the measures of generation and development of employees’ knowledge, skills, abilities, and attitude (KSAs) that reflect effective inclusive TM strategies?

**RQ9**: How to implement a robust inclusive TM strategy on a national level rather than the normalised organisational level?

**RQ10**: How can an inclusive TM strategy be applied in Malaysia to ensure the 12th Malaysian Plan goals are attained?

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