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The Impact of the Integrated Talent Management on the Competitive Advantage in Multinational Corporations

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Abstract

This study tried to identify the impact of the integrated talent management on improving the business competitive advantage in multinational food and beverage companies in Cairo, Egypt. Convenience sampling is used as the sampling strategy. This study is based on questionnaire and data collected from 219 employees and managers in multi-national corporations for food and beverage located in greater Cairo. The purpose of this study is to design conceptual model of integrated talent management system in order to manage talent effectively. It will focus on discussing the process cycle in managing talent, starting from the business strategic goals until it gains the required competitive advantage. Results revealed that there is a significant positive relationship between integrating the business strategies and business culture with the talent management and improving the business competitive advantage.

Keyword: Business Strategy, Business Culture, Competitive Advantage, Integrating Talent Management

Introduction

The rise of the knowledge economy and the new generation of workforce mean that the "traditional human resources management is no longer a sufficient tool" (Tansley, 2011). It requires introduction of a new generation of human resources management – talent management (TM). Business leaders understand that having the right people in the right place at the right time to maximize business opportunities has become the most important factor in ensuring ongoing organizational success and sustain the competitive advantage (Wahyuningtyas, 2014). While managing employees effectively is obviously important, it's the acquisition, allocation, development,

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retention and succession of the most important and value adding people can be the best to create competitive advantage (Ingham, 2006).

Cappelli (2008) mentioned that most of the currently used processes of talent management were created almost half a century ago, and now the time has come to create a new model. The organizations need to rethink their approaches to talent management. Although there are a variety of approaches to talent management the researcher believes that the integrated talent management is the paradigm shift for organization and can be defined as an innovative and holistic approach to effective talent management which enables an organization to respond to the ongoing changes in business environment adequately and flexibly thereby it can improve its competitive advantage (Collings and Mellahi, 2009; Egerová, 2013).

Previous researchers tried to integrate the talent management with a specific organizational aspect, in order to improve the organization competitive advantage and maximize the utilization of their talented employees. Researchers (Ulrich, 2008; Avedon and Scholes, 2010; Jackson, 2010; Nouman et al., 2015) point out that, by integrating the firm's human resources into the strategies of the business, it becomes a source of competitive advantage. High potential employees at all levels enhance the achievement of the strategic business objectives (Avedon and Scholes, 2010). Yapp (2009) added that talent management is required by the fact that it has been found to lead to higher corporate profits when it is connected to the corporate strategy. Other scholars (Al Ariss et al., 2014; Bali and Dixit, 2016) revealed that integrating the business culture with the talent management is a mandatory step in gaining a competitive advantage. Egerová (2013) conclude her paper by developing a talent mindset which beliefs that having better talents at all levels allow business to improve its performance, innovate, and thus gain competitive advantage.

Scullion & Colings (2012) conclude their paper by "while firms tend to recognize the importance of talent management, they often do not manage it effectively and they lack to gain the most benefit from it". Nouman et al., (2015) Added that organizations cannot remain competitive, if they are not able to; identify, attract, develop, and retain the talented workers within the business context. Based on these gaps, it is clear that there is a need to develop a deeper understating of the integrated talent management.

This paper tried to resolve the issue of "Is it possible to integrate the previous models in order to build a comprehensive model that is enhancing the advantages and eliminating the disadvantages of the previous models to develop a sustain competitive advantage"

Literature Review

Talent

The first issue which should be considered before starting the talent management implementation is the term talent. Organizations and talent management professionals need to understand who they regard as talented people before starting the developing and implementing the talent management policies and practices (Zhang and Bright, 2012).

Tansley (2011) identify that despite of the substantial research that had been undertaken on talent management as a human resources initiative, people are rarely precise about what they mean by the term "talent" in organizations and the implications of defining talent for talent management practice.

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There is no universal managerial talent definition; different organizations gave talent definitions with different focus (Zhang and Bright, 2012). Some "companies do not even know how to define 'talent', let alone how to manage it"

However, choosing a definition of talent is not an easy task, not merely because there are a number of ways in which talent may be defined within a particular organization. Some organizations find greater value in formulating their own meaning of what talent is, than accepting universal or prescribed definitions.

For the purpose of this study, the researcher defined the talented employee as "a person of high potential, who stands out as far as his knowledge, skills, experience, capabilities and development potential are concerned and who contributes to his organization's efficiency increase".

Talent Management

The term "talent management" is perceived and defined in various ways. For somebody it is the management of important or talented individuals, while others understand it as managing people in general – i.e. on the assumption that everyone has talent that should be identified and applied. Different authors define Talent Management (TM) from different perspectives:

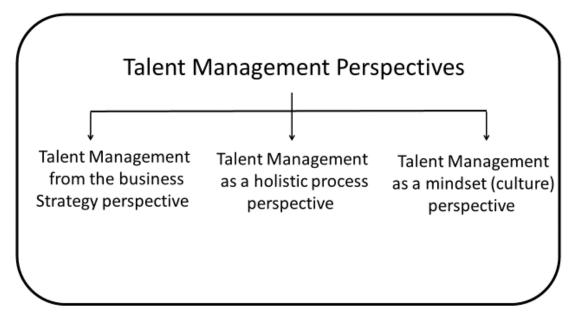


Figure -1
Different Talent Management Perspectives
Source: adopted by the researcher

Talent Management as a source of sustained competitive advantage

Mwailu & Mercer at 1983 used the resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal developed since the mid-eighties (Jackson, 2010 & Nouman et al., 2015).

Barney, (1991) illustrated that in order to transform a short-run competitive advantage into a sustained competitive advantage exists only when other firms are incapable of duplicating the benefits of a competitive advantage. Therefore, four criteria must be attributable to the resource in order for it to provide a sustained competitive advantage: I) the resource must add positive value to

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the firm, 2) the resource must be unique or rare among current and potential competitors, 3) the resource must be poorly imitable, and 4) the resource cannot be substituted with another resource by competing firms.

Business leaders recognize that employee's knowledge, skills and abilities are a critical source to organizations competitive advantage. The employees are the company's most important critical asset and access to success (Sheehan, 2012). To gain profitability and competitive advantages, human resource development has become a priority for organizations around the world (Collings & Mellahi, 2009). While talent-management practices can create the most permanent competitive advantages, new technologies and innovations can be easily be simulated by competitors and generate only temporary competitive advantages. Sustained competitive advantage comes from effective talent management practices (Tarique and Schuler, 2010). Nouman et al., (2015) build their paper on "talent based theory" which states that the talent is the only resource which may help in gaining and maintain the competitive advantage, and, therefore organizations must put a focus on attracting and maintaining the talented work force.

According to Cheng et al., (2011) a firm which implementing a differentiation strategy is able to achieve a competitive advantage over its rivals because of its ability to develop entry barriers to potential competitors by building customer and brand loyalty (Ashton & Morton, 2005), through quality offerings, customer satisfaction, advertising and marketing techniques. Thus, a firm that implements a differentiation strategy enjoys the benefit of price-inelastic demand for its product or service.

Moreover, Effective talent management involves positioning the right person in the right jobs. This ensures that the employees maximize their talent for optimal success of the organization and achieving its goal (McCauley and Wakefield, 2006). Building and enhancing employee potential will not only benefit employees, it will also support the organization in meeting its goals and objectives.

Integrate Talent Management (TM) with business strategy

Putting the talent management into business context is perquisite for success, in building a talent strategy business must first acquire a deep understanding of the business and its interdependencies. Failing to accurately understand the business context usually results in an unconnected talent strategy, poor use of resources and less optimal performance (Bergeron, 2004).

Each organization needs to develop its own unique talent strategy. To be successful, the talent strategy must be aligned with an organization's business strategy and human capital context (Heinen & O'Neill, 2004). While Stahl et al., (2012) identify the business strategy as the natural starting point for thinking about talent managemnt, given what kind of talent do the businesses need. After formulating the business strategies and determining its strategic goals, business has to formulate talent management identification strategy in order to identify the potential capabilities and qualifications to achive these goals and add value to the business (Karunathilaka et al., 2015).

It is important to understand that talent management cannot be isolated from the company's business strategy. Talent Management is a part of the human resources management strategy and therefore also a part of the business strategy. The talent management strategy must align with the business strategy of a company, (Langenegger, 2011) argued that talent management is understood

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as a sum of activities to support the business strategy. A sustainable strategy requires workforce engagement and an individual is more likely to work better and engage when his personal objectives and characteristics are aligned with the organization's strategy for growth and the organization's supportive structure and the firms want to exploit not just the most talented and capable architects, but also those most motivated to achieve the organization's objectives (Canavan, 2013).

Jackson (2010) argued that all organizations aim to achieve strategic objectives. This requires a clear understanding and linkage between these strategic goals and the key capabilities required for their achievement. To achieve sustainable competitive advantage organizations need two kinds of capabilities:

- Non-contingent capabilities are those capabilities which every organization needs, in varying degrees. These are the basics that will enable an organization to be "just as good" as its competitors.
- *Differentiating capabilities* are those that distinguish one organization from another and can provide real competitive advantage.

He also illustrates that human capabilities however, are not only extremely difficult to build but are also difficult to copy. Their development tends to be linked with organizational culture, management style and many other contextual factors which are impossible to imitate. Management of talent must be understood in the context of the firm's strategic capabilities (William & Slocum, 2012).

Integrate Talent Management with Business Culture and Management Mindset

Wahyuningtyas (2014) conclude his paper by the organizations that have the talent mindset culture will prioritize the development of existing employees in the organization so are expected to improve organizational performance indirectly. In order to build a talent mindset culture in organization, it must be begun from top level management in organization as a role model to all levels below them.

Business culture could be considered a source of the sustainable advantage. The culture supporting the processes and practices of talent management is a prerequisite of its successful integration in the organization (Egerová, 2013). All the talent management principles must be embedded in the business culture. The company has to exert effort to transform all the talent management principles and practices in the business and human resources practices as training programs and the selection process. The transformation should be done by means of incorporating the talent management principles into the existing business culture (Štefko and Sojka, 2014).

In connection with talent management the expression *talent mindset* is an important term. Talent mindset is a deep-rooted belief that having better talents at all levels allows your company to outperform its competitor (Hatum, 2010). It is the recognition that better talents pull all the other performance levers (Heinen & O'Neill, 2004) and it does not only mean that people are organization's most important assets but it means a deep belief that better talent leads to better performance results and enhance the competitive advantage of any business (McCauley and Wakefield, 2006). This belief gives leaders the determination to strengthen their talent pool and the bravery to take brave action to do so.

Theoretical Framework

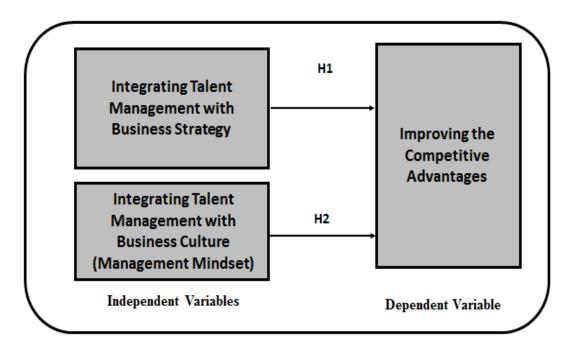


Figure -2

Hypotheses:

- **H1:** There is a positive significant relationship between Integrating Talent Management strategy with Business Strategy and improving the competitive advantage
- **H2:** There is a significant relationship between Integrating Talent Management with Business Culture and improving the competitive advantage.

Methodology:

To examine the effect of integrate talent management strategy with business strategy and business culture on achieving the business competitive advantage in multinational corporations for food and beverage in Cairo, Egypt, empirical study was processed. 219 questionnaires were collected from employees and managers who are identified as talented employees by the businesses' managers. Correlation test, linear regression, and multi regression analysis were used to examine the relationship among the independent variables and the dependent variable.

Population and Sample:

The population embraces all talented employees and managers in the multinational food and beverage companies in greater Cairo. The number of these companies was found to be 16 companies according to the "Chamber of Food Industries" and "Food Business Directory". A thorough research has been carried out to identify the key multinational food and beverage companies in the academic literature. They were: Pepsi (Yapp, 2009; Hills, 2009), Coca-Cola (Mazur, 2014; Zamcu, 2014), Nestle (Li, 2015; Shanbhag et al., 2016) and Danone (Dejoux, 2013). So the researcher tried to measure the effect of the integrated TM in those companies in Egypt as well.

Multi stage sample has been carried out. First, the 16 companies were stratified into two categories; beverages only and food only companies. The companies were then considered as clusters and two companies were picked from each stratum. The companies chosen were the ones that were revealed to be the most investigated by the literature reviewed, Pepsi, Coca-Cola, Nestle, and Danone. Table – 1 represents the allocation of the number of the respondents

(Table -1). The number of respondents

	Managers		Employees			
Company	Number*	Valid responses	Number*	Valid responses		
Danone	25	21	45	38		
Nestle	35	27	50	46		
Pepsi	15	13	37	33		
Coca-cola	13	12	40	29		
Total	88	73	172	146		
*As identified by the company						

Measures:

(Table-2). Study variables and measures

Variable	Measures	References	
	Financial Outcomes : (Company Profit – Market Value).	McCauley & Wakefield (2006); Langenegger (2011)	
Competitive Advantage	Organizational Outcomes: (level of productivity – level of innovation – customer satisfaction)	Armstrong (2009); Stefko and Sojka, (2014)	
	Human Resources Outcomes: (Job satisfaction – level of motivation – level of commitment – talent turnover)	Khandekar and Sharma (2005); Boxall and Purcell (2008)	
	Clear business goals and strategies	Farley (2005)	
Integrating Talent Management with business strategy	Translating business goals into workforce needs and missing capabilities	Capelli (2008)	
	Business Strategy and TM strategy alignment	William and Slocum (2012)	
Integrating Talent	Top management commitment (mindset)	Kehinde (2012)	
Management with culture	Embedding the TM with the corporate culture	Stefko and Sojka (2014)	

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Questionnaires are to be used for the entire research. All the measures and scale items are to be adopted from the relevant literature with slight modifications to reflect the focus of the study and to be compatible with the context of the research. Table-2 summarizes the items that will be used to measure

Scales and Questionnaires

The questionnaire was divided into two sections. Section one was consisted of questions to investigate employee personal characteristics including the firm gender, age, job level, year of experience, and taking training course in the organization. Section was consisted of five likert scale for testing the research variables. The respondents were asked to rate their level of agreement on in each statement from (1) never, (2) rarely, (3) unable to rate, (4) sometimes, and (5) always.

The statements were grouped as follow: The employees and managers' perception of the talent management meaning in their workplace in 4 statements are adopted from Stefko and Sojka (2014). The employees and managers' perceptions of how the talent management affect their workplace competitive advantage in 7 statements by scale developed by Boxall and Purcell (2008). How the employees and managers perceive the relationship between their business strategies and the talent management strategies and to what extend both are alignment in 7 statements are adopted by William and Slocum (2012). How the employees and managers perceive that there is an integration and compatibility between their business culture and the talent management in 11 statements are adopted by Kehinde (2012).

Findings

Questionnaires analyzed through using the "Statistical Package for Social Science (SPSS win 20)". After the entry and recording processes had been completed, all measures then purified by assessing validity and reliability.

Table_3	Cron	hach'	calpha	coefficient
Table-5.	cron	oacn s	saibna	coemcient

ser	Dimensions	Reliability	Validity
X1	Integrating Talent Management with Business	.878	0.937
	Strategy	.070	0.557
X2	Integrated Talent Management Practices	.836	0.914
Х	Integrating Talent Management	.843	0.918
У	The Competitive Advantages y	.865	0.930
Total:	The impact of the Integrating Talent	.859	0.926
Manager	ment on the Competitive Advantages	.659	0.920

As shown in (Table-3), the reliability coefficient for the total sample was (0.859), which indicates high degree of reliability for the study sample, which was reflected also by its coefficient that is equal (0.926) and for the independent variables (integrating talent management- x) the reliability coefficient is (0.843), for the dependent variables (the competitive advantage - Y) the reliability coefficient is (0.865).

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Table-4. Descriptive statistics for the independent variables of the study

Items				Mean	Std.	c.v.
Integrating	Talent	Management	with	4.28	0.69	16.32
Business Strategy x-1				4.20	0.03	10.52
Integrating	Talent	Management	with	117	66	15.00
Business Cul	ture x-2		4.17	.66	15.99	

(Table-4) indicates the general trend of the total dimensions "Integrating Talent Management with Business Strategy x-1" and "Integrating Talent Management with Business Culture x-2" are towards the (Agreement), with arithmetic mean (4.28) & (4.17), and the coefficient of variation (16.32) & (15.99%) respectively.

Inferential analysis "Testing research hypotheses"

Table-5. Pearson correlation between the Integrating Talent Management and The Competitive Advantages

Dimensions		Υ	X1	Х3
y-The Competitive Adva	antages	-	.831**	.875**
x-1.Integrating	Talent			
Management with	Business		-	.892**
Strategy				
x-2. Integrating	Talent			
Management with	Business			-
Culture				
x-(total)Integrating	Talent	004**		
Management		.891**		-

^{**} Significance level 0.01

The Correlation matrix for the relationship between "the Integrating Talent Management" and "the Competitive Advantages" revealed that there is a significant positive relationship between the two variables at a p-value of less than (.01). A positive significant relationship was also indicated between "The Competitive Advantages" and each of "Integrating Talent Management with Business Strategy", and "Integrating Talent Management with Business Culture". The most influential factor in relation to improving the competitive advantage was "integrate talent management with business culture" since it had the highest correlation coefficient. The relationship strength was relatively strong as can be seen from (Table -5).

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Table-6. Linear egression of Integrating Talent Management with Business Strategy x-1 on the Competitive Advantages

Independent variables		t. test		F. test		R ²
independent variables	β	Value	Sig.	Value	Sig.	
Constant	1.036	7.351	0.01**	484.797	.001* *	69.1%
Integrating Talent Management with Business Strategy x1	.831	22.018	0.01**			

^{**} significant level 0.01

From the above table the following could be indicated:

Coefficient of determination (R^2) indicates that the independent variable "Integrating Talent Management with business strategy" explains (69.1%) of the total variation in the dependent variable "The Competitive Advantages".

F. Test was used to examine the total quality of the regression model as a whole. It was used with value (484.797) and the p-value was calculated. The test indicated that the statistical significance of the model as a whole at significance level of 0.01. To assure the efficiency of the model fitness, the histogram of the dependent variable distribution was drawn. It indicates the goodness of fit of the model. See (figure -3)

Histogram of the dependent variable distribution

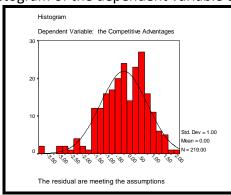


Figure -3

The t-test indicated the statistical significance of both the slope and intercept of the regression equation of regressing the Competitive Advantages on Integrating Talent Management with Business Strategy, as (the t value is 22.018) with significance level of 0.01. With form of the fitted regression equation

The Competitive Advantages = 1.036 + 0.831 Integrating Talent Management with Business Strategy

The Effect of Integrating Talent Management with Business Culture x-2 on the Competitive Advantages y

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Table- 7. Liner Regression of Integrating Talent Management with Business Culture x-2 on the Competitive Advantages

Indopondent variables		t. test		F. test		R ²
Independent variables	β	Value	Sig.	Value	Sig.	
Constant	.808	6.445	0.01**	707.600	.001* *	76.5%
Integrated Integrating Talent Management with Business Culture x-2	.788	26.601	0.01**			

^{**} Significant level 0.01

From the above table the following could be indicated:

Coefficient of determination (R²) indicates that the independent variable "Integrating Talent Management with business culture" explains (76.5%) of the total variation in the dependent variable "The Competitive Advantages".

F. Test was used to examine the total quality of the regression model as a whole. It was used with value (707.600) and the p-value was calculated. The test indicated that the statistical significance of the model as a whole at significance level of 0.01. To assure the efficiency of the model fitness, the histogram of the dependent variable distribution was drawn. It indicates the goodness of fit of the model. See (figure -4)

Test of the efficiency of the regression model

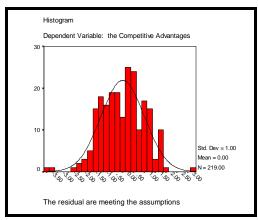


Figure - 4

The t-test indicated the statistical significance of both the slope and intercept of the regression equation of regressing the Competitive Advantages on Integrating Talent Management with Business Strategy, as (the t value is 26.601) with significance level of 0.01. With form of the fitted regression equation. The Competitive Advantages = 0.808 + 0.788 Integrating Talent Management with Business Culture.

The multiple Regression Model

To study the Impact of The three Independent Variables Integrating Talent Management x on The Competitive Advantages y

Table-8. Multiple regression tests for the "Impact of the Integrating Talent Management On The Competitive Advantages"

Independent		t. test		F. test		R^2
variables	β	Value	Sig.	Value	Sig.	K-
Constant	0.644	5.038	0.01*	259.611	.01*	78.4%
x1-Integrating Talent						
Management with	0.242	3.452	0.01*			
Business Strategy						
x2-Integrating Talent						
Management with	0.555	6.835	0.01*			
Business Culture						

^{*}Significant at the (.01) level

From the above table the following could be indicated:

By using the coefficient of determination (R^2), it was found that the independent variable "Integrating Talent Management" explains (78.4%) of the total variation in the dependent variable "The Competitive Advantages" with constant β (0.644). The rest of the variation is due to random error in the equation or perhaps due to other independent variables that were not included in the regression model.

While, F-test was used with value (259.611) and the p value was calculated. The test indicated the statistical significance of the model as a whole at significance level of 0.01. To assure the efficiency of the model fitness, the histogram of the dependent variable distribution and a p-p plot for the standardized residuals were drawn. They both indicated the goodness of fit of the model. See (figure -5) and (figure- 6).

Test of the Efficiency of the Regression Model

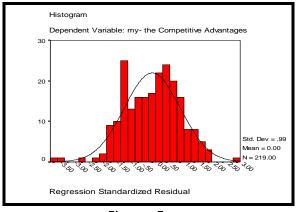


Figure -5

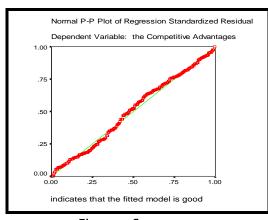


Figure - 6

Also, the t-test indicated the statistical significance of both the slope and intercept of the regression equation of regressing the Competitive Advantages on Integrated Talent Management (Integrating Talent Management with Business Strategy, Integrating Talent Management with Business Culture), as (the t-value is 3.452, 6.835 respectively) with significance level of 0.01.

The form of the fitted regression equation

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The Competitive Advantages = 0.644 + 0.242 Integrating Talent Management with Business Strategy x1 + 0.555 Integrating Talent Management with Business Culture x2

Conclusion

The study findings depicted that there is a positive significant relationship between integrating the talent management strategy with the "business strategy and business culture" and improving the business competitive advantage. Also the findings revealed that the more the talent management execute and manage into the business context – strategy and culture- the more the talented employees could be managed effectively and improve the competitive advantage.

The results obtained indicate that there is indeed a significant and positive relationship between the integrated talent management and improving the competitive advantage in the multinational organizations in Cairo as hypothesized by the study. These results strengthen previous findings that integrate the talent management strategy with the business strategy (Langenegger, 2011; Shrimali and Gidwani, 2012; Anwar, et al., 2014; Karunathilaka et al., 2015) and business culture (Hatum, 2010; Cutajar, 2012) are essentials to improve the competitive advantage. By examining the effect of the job level (managerial level or operation level) on the talented employees' perception of the integrating talent management and the competitive advantage, the results depicted that there is a significant differences between the managers and employees in their perception of integrating management concept and there is no significance difference between them in their perception of the competitive advantage. Talent management strategies should align with the business strategies in order to identify the needed capabilities and practices that will assist in achieving business strategic goals. Positive talent management practices (attracting, developing, and retaining) talented employees will build a winning culture that people want to belong.

Practical Implications

- To align business strategy with the talent management strategy means getting business vision, strategic objectives with its related strategies, and the employees' capacity to meet these objectives are moving in the same direction.
- Defining talent is how organizations decide to segment their workforce
- The talent decision making done by managers without allowing the employees to contribute to the decision.
- There is no measurement on the return on investment (ROI) that guides management of talent.
- By providing the possibilities for personal development and the ability to move upwards in the organizational hierarchy, the employees will feel appreciated and respected. Therefore, improving the working environment will be achieved.

Recommendation

Organizations need to understand who they are regarded as talented employees before implementing the talent management strategies and practices. The talented employees' qualifications and specifications should be extracted from the business strategies.

It is recommended that a culture of talent management must be cultivated in the organization by thorough engagement. It is also recommended that leadership should be obliged to successfully implement the talent management. The implementation of talent management can enhance by adding talent management as one of the key performance outputs to the performance.

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Talent management strategies should be developed and aligned with the business strategies in order to identify the needed capabilities and practices that will help in achieving business strategic goals and improve business competitive advantage. As well as positive TM culture will build an effective TM practices, thereby improve business competitive advantage. This study provides an integrated talent management model that con implemented by every organizations in order to develop competitive advantage.

Future Suggestions

It would be beneficial for future research to consider the following suggestion: Knowledge employee is a person who possess knowledge and utilize it effectively. Knowledge employee is extremely important for optimizing the business competitive advantage. Therefore, knowledge management should be integrated also with the talent management strategies, business strategies, and business culture to develop and sustain competitive advantage. Researchers for future work need to integrate the knowledge management with talent management strategies, business strategies, and business culture to examine the effect of all these variables together on improving the competitive advantage.

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