

TALENT MANAGEMENT: DRIVER FOR ORGANIZATIONAL SUCCESS

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Abstract : In today's global economy, companies must continually invest in human capital. In the role of business partner, HR leaders work closely with senior management to attract, hire, develop and retain talent. Yet the skills shortage presents both socio-economic and cultural challenges as talent crosses borders. Thus, in view of workforce trends such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, forward-looking organizations must rethink their approach to talent management to best harness talent. By doing so, they will be positively positioned to succeed in a highly competitive marketplace. In addition, organizational culture, employee engagement and leadership development have a significant impact on talent retention. Taking these factors into consideration, an integrated approach to talent management offers a pathway toward sustaining outstanding business results.

INTRODUCTION

"It is nearly unanimous that HR can and should add more value to corporations. The best way to do this is by being a business partner by directly improving the performance of the business. This can be accomplished by effective talent management, helping with change management, influencing

strategy and a host of other value-added activities that impact effectiveness."

In a competitive marketplace, talent management is a primary driver for organizational success. Broadly defined, talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs.

A recent study shows that 85% of HR executives state that the "single greatest challenge in workforce management is creating or maintaining their companies' ability to compete for talent." Without question, effective talent management provides one of the most critical points of strategic leverage today. Offering enormous business value, talent management is complex and continually evolving. Influenced by external factors such as the economy, global expansion and mergers and acquisitions, critical success factors for effective talent management include alignment with strategic goals, active CEO participation and HR management. Over time, common themes around talent management are emerging, such as the role of line leaders in the development of, the main recurring themes are CEO involvement, culture, management, processes and accountability.

THE ROLE OF HR

As a primary owner of talent management, HR has many roles one of the most important is that of facilitator of the talent mindset. HR leads the way for the organization to own, as an entity, the role of talent management for organizational success. In the role of business partner, HR works closely with the board, the CEO and senior management to ensure that they are committed to talent management work. As talent management facilitator, HR also pays close attention to how the organization's culture supports talent. Broadly speaking, HR's role encompasses communicating the talent management philosophy companywide and knowing the industry competition. In addition, HR needs to develop an integrated and proactive strategic approach to talent management the big picture as well as managing critical information, such as tracking turnover and knowing what factors contribute to retention see Figure 3).

Seven keys to effective talent management

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| 1. Develop an integrated, proactive talent management strategy: View "employer of choice" status as an outcome of coherent corporate culture rather than ad-hoc programs. | 2. Balance grassroots involvement in talent attraction and retention with management Accountability. | 3. Know the company's business environment and plans the competitive climate: Know plans for growth, merger, divestiture, new products or technologies and project their impact on immediate and longer-term talent needs. | 4. Know what factors contribute to difficulties in attraction and retention: Base initiatives on the real concerns of employees. Raw numbers on turnover can show where retention problems are but not what they are. | 5. Keep various retention factors in balance, especially the mix of compensation and nonfinancial motivators. | 6. Track turnover: Know its costs and where they are the greatest and convey them to management to support the business case for retention. | 7. Market the company and its brand to current employees as vigorously as to the outside talent pool. |
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To integrate talent management into all areas of the company, HR also plays a role of change management agent. To drive this change, HR addresses four diverse talent management activities: recruitment, performance management, leadership development and organizational strategy. In this role, HR manages four major risks to the business:

- 1) Vacancy risk (to safeguard key business capabilities, focus on scarce skills and fit to position);
- 2) Readiness risk (to accelerate leadership development, provide full business exposure to rising stars);
- 3) Transition risk (to avoid loss of key talent, select successors with leadership ability and hire for organization capability); and
- 4) Portfolio risk (to maximize strategic talent leverage, focus on senior management's commitment to development and performance standards).

Finally, proactive HR leaders take a holistic approach to talent management. It is important to establish clear expectations and communicate openly about the talent management process. By HR explaining to management and employees why talent management is important, how it works and what the benefits are to the organization and participants, talent management strategies are more likely to be seen as a fair process.

Employee Engagement and Its Relationship to Talent Management

Effective talent management policies and practices that demonstrate commitment to human capital result in more engaged employees and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent retention. Employee engagement, in fact, can make or break the bottom line. Employees who are most committed perform 20% better and are 87% less likely to resign. In addition, the foundation for an engaged workforce is established by the quality, depth and authenticity of communication by HR and senior management to employees, as well as the quality of supervision. The role of the manager as the most important enabler of employee commitment to the job, organization and teams cannot be overemphasized. Furthermore, when done well, practices that support talent management also support employee engagement (e.g., work-life balance programs, flex time, telecommuting, compressed workweeks, reward programs, performance management systems). Rewards and recognition also help both to retain talent and to improve performance. Increasingly, organizations are putting formal and informal reward programs in place. For example, 84% of companies offer some form of monetary and/or nonmonetary reward programs to employees. To be most effective, however, organizations

must regularly communicate to employees about reward programs. Discussing reward programs as early as during the interview process demonstrates that the organization values its employees. The process of building employee engagement is ongoing. Beyond compensation and benefits, employee engagement is best fostered through a meaningful and emotionally enriching work experience

Finding the Right People

In the war for talent, organizational success depends on effective recruitment and retention. To accomplish this goal, HR can provide value by focusing on five key areas: ensuring organizational stability, emphasizing employer brand and reputation, developing integrated talent strategies, supporting multilevel accountability, getting involved in talent management initiatives and offering opportunities for career and personal development.

Regarding recruitment and retention, HR has a number of challenges to address the top areas in need of improvement regarding talent management practices and strategies are

- 1) Building a deeper reservoir of successors at every level;
- 2) Creating a culture that makes employees want to stay with the organization;
- 3) Identifying gaps in current employee and candidate competency levels; and
- 4) Creating policies that encourage career growth and development opportunities.

To attract and retain talent, hiring for compatibility the "fit" between employer and employee is critical. In addition, companies with excellent reputations and strong brands are well positioned to attract top talent.

Measuring Business Impact

Talent management metrics link human capital investment to financial performance. According to management gurus Huselid, Becker and Beatty, there are three critical challenges to successful workforce measurement and management. First, there is "the perspective challenge" meaning, do all managers really understand how workforce behaviors and capabilities drive strategy execution? Second, there is "the metrics challenge" that is, are the right measures of workforce success identified (e.g., workforce culture, mindset, leadership, competencies and behaviors)? The third challenge is "the execution challenge" specifically, in order to monitor progress and communicate the strategic intent of talent management initiatives, are managers motivated to use these data and do they have access and capability to do so? Talent management metrics are evolving. As organizations increasingly focus on talent management strategies, they seek ways to validate these

initiatives and measure their business impact. Many firms are beginning to include talent management in their dashboards or scorecards. For example, HSBC, a banking and financial services institution, uses the Balanced Scorecard™, with talent management listed under learning and growth. Scorecards provide a clear “line of sight” to organizational strategic goals by linking talent management to objectives and performance appraisals. Measures may include factors such as employee survey results, turnover (e.g., talent pools) and the number of employees on secondments (temporary assignments).

Managing global talent has challenges and significant implications for sustainability and growth. A recent study of global companies, for example, states that companies are concerned about the development of future leaders capable of navigating the global business environment. Key findings show that the most important determinant of global talent management (GTM) success is the degree of involvement by the CEO, the board of directors and the GTM leader in talent management activities. On average, for example, CEOs spend 16% of their time speaking publicly about GTM, mentoring high potentials, participating in talent reviews and approving the succession plans. Board members in 46% of companies provide input into assessment of key employees and 39% meet with high potentials during the year.

In sync with the trend to develop global HR policies and practices, organizations are creating global talent management processes. For example, at Intel Corporation, a global chip maker, HR utilizes a talent management program and works with management to assess workforce needs.

Research shows organizations value having global frameworks, specifically around a common language and structure in areas such as performance management, leadership development for high potentials and professional development. There is less agreement, however, about developing common frameworks for recruitment.

Looking to the Future

Anticipated workforce changes and cost-effective ways to access talent are key to the next generation of talent management. Predictive workforce monitoring will lead to effective strategic talent decision-making. Factors such as flexible talent sourcing, customized and personalized

rewards, distributed and influential leadership, and unified and compassionate workplace cultures will be important for successful talent management. Companies will increasingly utilize different types of employment relationships, and nonstandard employment models will continue to evolve. Free agency employment relationships contracting for the best talent on an as-needed basis will become more common. To benefit from the knowledge, skills and corporate memory of mature workers, phased retirement will become prevalent. Keeping workers engaged particularly the next generations may call for HR to redesign the workweek, benefits packages and reward programs.

Scenario planning and talent-match databases will become essential planning tools.

In closing,

to sustain outstanding business results in a global economy, organizations will rethink and reinvent their approaches to talent management. Effective talent management calls for strong participatory leadership, organizational buy-in, employee engagement and workplace scorecards

with talent management metrics. Companies that master talent management will be well-positioned for long-term growth in workforce performance for years to come.

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