Talent Management in Global Scenario for Twenty-First Century

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Abstract

Employee shortages, skills gaps and the rapid pace of change have made it impossible for recruitment alone to secure the talent necessary to stay competitive. Defusing the crisis means investing in a comprehensive talent management program aimed not just at recruiting good employees, but also retaining them and continually developing their skills and competencies in alignment with strategic business goals and performance objectives. While organizations recognize the need of implementing talent management, the sheer complexity of developing a talent management strategy and implementing the processes and technologies to support it can be overwhelming. The task can be simplified by using a competency-based approach to define and compare the organization’s desired state with its current state in terms of skills, knowledge, behaviors, performance, and the metric and motivational processes associated with them. This foundational information empowers the HR team, executives and managers to:

- Evaluate existing talent management processes (such as performance appraisals or 360-degree assessments)
- Drive out the information needed to define clear requirements and priorities for their talent management strategy.

The competency-based approach is also fundamental to building the talent management “system-of-record” comprised of company jobs, employee and company competencies and skills, and broader employee information – commonly called the “talent profile.” Building and having a company talent management system-of-record is critical to improving and unifying talent management processes – key factors in a talent management system’s ability to help achieve business goals.

Talent Management

Talent Management is a strategic and holistic approach to both HR and business planning or a new route to organizational effectiveness. This improves the performance and the potential of people – the talent – who can make a measurable difference to the organization now and in future. And it aspires to yield enhanced performance among all levels in the workforce, thus allowing everyone to reach his/her potential, no matter what that might be.

A Holistic System of Talent Multiplication Based on Four Key Capabilities:-

Defining talent needs based on a clear understanding of mission critical jobs and key workforce skills and competencies, and in light of current and future strategic goals.

Discovering new sources of talent by seeking out diverse talent pools, considering novel options for accessing needed talent, and offering customized value propositions to current and prospective employees.

Developing talent’s potential by building individual skills, knowledge and competencies in ways that expand the organization’s collective capabilities.

Deploying the right talent in the right place at the right time to align employees’ strengths and aspirations with the organization’s goals.

Defining the Talent Management Process

Organizations are made up of people: people creating value through proven business processes, innovation, customer service, sales, and many other important activities. As an organization strives to
meet its business goals, it must make sure that it has a continuous and integrated process for recruiting, training, managing, supporting, and compensating these people.

1. **Workforce Planning:** Integrated with the **business plan**, this process establishes workforce plans, hiring plans, compensation budgets, and hiring targets for the year.

2. **Recruiting:** Through an integrated process of recruiting, assessment, evaluation, and hiring the business brings people into the organization.

3. **On-boarding:** The organization must train and enable employees to become productive and integrated into the company more quickly.

4. **Performance Management:** by using the business plan, the organization establishes processes to measure and manage employees. This is a complex process in itself, which describe in detail in research Performance Management 2006.

5. **Training and Performance Support:** of course this is a critically important function. Here we provide learning and development programs to all levels of the organization.

6. **Succession Planning:** as the organization evolves and changes, there is a continuous need to move people into new positions. Succession planning, a very important function, enables managers and individuals to identify the right candidates for a position. This function also must be aligned with the business plan to understand and meet requirements for key positions 3-5 years out. While this is often a process reserved for managers and executives, it is more commonly applied across the organization.

7. **Compensation and Benefits:** clearly this is an integral part of people management. Here organizations try to tie the compensation plan directly to performance management so that compensation, incentives, and benefits align with business goals and business execution.

8. **Critical Skills Gap Analysis:** this is a process we identify as an important, often overlooked function in many industries and organizations. While often done on a project basis, it can be "business-critical." For example, today industries like the Federal Government, Utilities, Telecommunications, and Energy are facing large populations which are retiring. How do you identify the roles, individuals, and competencies which are leaving? What should you do to fill these gaps? We call this "critical talent management" and many organizations are going through this now. In the center of this process are important definitions and data: job roles, job descriptions, competency models, and learning content.

**What Talent Management involves**

Talent management is the integration of different initiatives, or constructs, into a coherent framework of activity. There are certain crucial components and a useful model for defining Talent Management is to think of it in these key words:

- Ethos – embedding values and behavior, known as a “talent mindset,” to support the view that everyone has potential worth developing.
- Focus – knowing which jobs make a difference and making sure that the right people hold those jobs at the right time.
- Positioning – starting at the top of the organization and cascading throughout the management levels to make this a management, not HR, initiative.
- Structure – creating tools, processes and techniques with defined accountability to ensure that the work gets done.
- System – facilitating a long-term and holistic approach to generate change.
Importance

Some of the reasons for the importance of talent management.

**Globalization:** Now for any jobseeker the whole world is the potential place to find employment. One can know the opportunities available in any part of the world easily and the number of talent seekers has also increased.

**Increased Competition:** Increased competition in the market place has necessitated the need for consistently good performance on the side of organizations. These have made the companies to put in all efforts to hire and retain the best talent in the respective field of operation.

**Increasing Knowledge:** The knowledge era has necessitated the retaining of those talents which have the ability to assimilate new technologies and knowledge, which are growing at a pace never seen before.

The Challenge

The challenge of talent management has two facets to it. First is how to find new people and second is how to retain the present workforce. Each of the challenges has to be tackled in the most efficient way possible so that the organization can achieve its objectives.

The First Challenge - Where to find new talent?

All the organizations are finding loads of business opportunities and consequently, their revenues are growing at a rapid pace. The increasing business opportunities has necessitated that these organizations go in for massive recruitment. But, the question is where to find the best talent which is able to fit the job description and also adjust to the organization’s values and norms. If we scan the environment, we find there is a shortage of skilled workforce that can be employed. Some of the possible reasons that have led to the shortage are: -

**Demographic Constraints:** This is a common problem faced by many of the developed countries, where a large chunk of its population is nearing the age of retirement or is over 50 years. USA, Germany and Japan are facing the same problem. All these countries will see a decline in their workforce and talent. In the coming years, they will see a great shortage in their skilled professionals.

**Existing Educational System:** The graduates and the postgraduates that are being churned out of the universities are found to be ill-equipped to handle the challenges of the workplace. They are mostly equipped with only the theoretical aspects of the issues and lack the application part. The educational system is faulty and does not take industry needs into consideration, resulting in a mismatch between industry requirements and educational preparation.

**Cost Factor:** Recruiting new employees is becoming tougher and tougher in the developing countries, where the HR department has to sort out thousands of applications for a handful of jobs. Finding right person for the right job becomes a very difficult process. It also involves very high cost to conduct the recruitment and selection process for such a large population of applicants.

**Attracting the Best Talent:** This is another challenge. As was the case in the past, the best available talent is not just motivated by the name and fame of the organization. Not any more. They have a new set of motivators like - challenging work, conducive work environment and freedom from bureaucratic structure.

The Second Challenge - How to retain the existing employees?

Gone are the days when a person would join an organization in his mid-20s and would work till his retirement in the late-50s. Today the young professionals hop jobs, especially during the first 4-5 years of their work life. Though the Indian service industry is basking in the light of outsourced jobs from the
developed countries, they also cannot ignore the fact that the BPO industry is also facing one of the highest attrition rates, in fact never heard before in India, of around 35%.

It is a fact that its the people that add value to organizations. It is also a fact that humans are a restless species who, unlike the immovable Banyan Tree, cannot stay rooted in one place. People need to move on for one reason or another, and the organization stands to lose. Let us look at some of the reasons behind the massive attrition rates:

- Gap between organizational values and goals and the personal values and goals is one of the major reasons of the attrition rates. If they go parallel, there is no way both would be satisfied and inevitably, the organization would lose out on a talented employee.

- Working environment is another major factor. Employees in the knowledge era demand creative and a democratic work environment. Failure on the part of the management to provide such an environment will result in a talented employee leaving the organization.

- The competitive world has made sure that there is high work pressure on the employees of any organization. This has led to psychological problems like stress, and in extreme situations, total burnouts. It also leads to other health related problems.

- Movement for higher salary is also common among the younger professionals. There is no shortage for organizations who are looking for talented employees and who are ready to shell out a hefty salary for a talented person. Other lures like better job opportunities, higher posts and overseas assignments are also major factors in the attrition rates.

- Not taking proper care during the recruitment and selection process and not taking proper care to fit the right person to the right job also breeds dissatisfaction among the employees.

- Bad or opaque policies from management on issues of succession planning and promotion, appointments for senior positions also is a major factor which makes the organization lose out on the talented employees.

- The professionals have different aspirations at different times of their career. During the initial years, they have good salary and foreign assignments. Next on the list is working on cutting edge technology. More seasoned professionals look for learning opportunities. So employees tend to move to those organizations which provide them with means to fulfill their aspirations.

- Retaining the present employees is of the foremost importance to the organizations because; the company would have already incurred heavy costs in the form of training and development. Now if the organization has to look for a replacement for the employee who has left, it involves a lot of costs like - hiring costs, training costs and the induction costs. Also it takes some time for the new employee to adjust to the new work environment. During this time the productivity of the employee will be low. The HR department will have to fit the new employee into a proper role in the organization. Apart from causing the company a monetary loss and breaks in their day-to-day operations, attrition contributes to knowledge transfer, which is a great loss and adversely affects business.

The Question is - How to Manage the TALENT

It is now proved beyond doubt that, in the era of technology and knowledge, talent is in the driving seat. One who possesses it dictates. Not he who pays for it. It is the demand of the time that business leaders elevate management of talent to a burning corporate priority. It is not a walk in the park for the talent market. Quality people are no longer available in plenty, easily replaceable and relatively inexpensive. These are some of the measures that should be taken into account to hire and retain talent in the organization, to be efficient and competitive in this highly competitive world:

- **Hire the Right People:** Proper care must be taken while hiring the people itself. It would be beneficial for an organization to recruit young people and nurture them, than to substitute by hiring from other organizations. Questions to be asked at this stage are: Whether the person has the requisite skills needed
for the job? Whether the person's values and goals match with those of organization's? In short, care must be taken to fit the right person to the right job.

**Keep the Promises:** Good talent cannot be motivated by fake platitudes, half-truths and broken promises. Unfulfilled expectations can breed dissatisfaction among the employees and make them either leave the organization or work below their productive level. Promises made during the hiring stage must be kept to build loyalty among the employees, so that they are satisfied and work to their fullest capability.

**Good Working Environment:** It has to be accepted by the organizations that highly talented persons make their own rules. They have to be provided with a democratic and a stimulating work environment. The organizational rules must be flexible enough to provide them with freedom to carry out their part of task to their liking, as long as the task is achieved. Opportunities should also be provided to the employees to achieve their personal goals.

**Recognition of Merit:** It is highly motivating for any person if his talent is recognized and is suitably rewarded. One way is providing them with salary commensurate with their performance. Promotions and incentives based on performance are another way of doing it. Another way is by providing them with challenging projects. This will achieve two objectives - it makes employee feel that he is considered important (a highly motivating factor) and gets the work done in a efficient manner and brings out the best in the employee.

**Providing Learning Opportunities:** Employees must be provided with continuous learning opportunities on and off work field through management development programmes and distance learning programmes. This will also benefit the organization in the form of highly talented workforce.

**Shielding from High Work Pressure:**

If an organization has to make the most of the available talent, they should be provided with adequate time to relax, so that they can di-stress themselves. It is very important to provide them with holidays and all-expenses-paid trips, so that they can come back refreshed to work and with increased energy. They must also be encouraged to pursue their interests which are also a good way of reducing work environment stress. Recreation clubs, entertain programmes, fun activities with in the work area will also reduce the work life stress of the employees and develop camaraderie among the workers and result in a good working environment.

**Talent management and HR**

Talent management suddenly evoked the charm and attention for the business world. Much of the reason may be due to the fact that technology has finally begun to catch up. Human resource management systems (HRMS) providers, already present in many businesses, have begun to create add-on applications that provide a strategic layer on top of the more administrative HR functionalities they already offer. It seems obvious then that the functions that make up talent management can no longer be viewed independently, or hidden in HR or training departments if they are to be truly successful. Rather, talent management must be counterfeit from a true partnership between management and the departments that oversee the "people function." The main characteristics of HR and TM are as shown in table 1 below.
Table 1:- Characteristics Of HR And TM Process

<table>
<thead>
<tr>
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<th>HR process</th>
<th>TM Process</th>
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<tbody>
<tr>
<td>Goals</td>
<td>Greater efficiency, obedience</td>
<td>Better management of people to achieve strategic business goals</td>
</tr>
<tr>
<td>metrics</td>
<td>Shorter time to hire, lower cost to fill, higher percentage of employees reviewed</td>
<td>Higher quality hires, stronger leadership pipeline</td>
</tr>
<tr>
<td>benefits</td>
<td>More efficient HR performance</td>
<td>Better business performance</td>
</tr>
<tr>
<td>users</td>
<td>HR professionals/power users</td>
<td>Business managers, HR professionals</td>
</tr>
<tr>
<td>Decision makers</td>
<td>HR specialist</td>
<td>HR specialist, senior executives, business managers</td>
</tr>
<tr>
<td>Technology solutions</td>
<td>Feature rich single function applications, designed for HR professionals</td>
<td>Comprehensive, configurable cross functional solutions designed for business managers</td>
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</tbody>
</table>

Many HR processes and systems that organizations use today to manage people suffer from three fundamental flaws as shown in figure (2) below

<table>
<thead>
<tr>
<th>Flaws in HR Systems</th>
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</thead>
<tbody>
<tr>
<td><strong>No direct value of Managers</strong></td>
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<tr>
<td>Most HR processes and systems are designed to achieve HR goals and outputs. They may help solve HR problems but not necessarily business problems.</td>
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<tr>
<td><strong>Difficult to use</strong></td>
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<tr>
<td>Many HR systems have been designed to be used primarily by HR professionals. They are difficult for business managers to use. They require extensive training and in many cases they require an HR ‘help desk’ to guide managers through the process.</td>
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<tr>
<td><strong>Poor integration</strong></td>
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<tr>
<td>Most HR system focus on a single function. Recruiting, Performance Management, succession and compensation are often to handled in individually in their own silos. These individual silos do not function well together and do not share data with each other.</td>
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</tbody>
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Figure 2: Fundamental Flaws In HR Systems

Because of these flaws in most HR systems – limited direct business impact, difficult for managers to use, and poor integration – business managers use them only halfheartedly. They do not adopt them as vital to achieving their business goals.

The greatest talent management system on the market is worthless if the organization is not prepared to adopt and integrate it. Each company needs to take inventory of its people and processes, answer questions about its direction and who is responsible for getting it there. Most importantly, companies need to break down the ever present "departmental silos" by creating an environment in which technology can be leveraged to facilitate and maximize an already well-thought-out program and to link it the organization's strategic goals.

**Identify your “Talent DNA”**.

Defining a Talent DNA means identifying the critical components and processes in your talent management strategy. This approach requires a holistic approach to talent management and viewing key processes such as talent acquisition, career planning, learning management, performance management, succession planning, and compensation together and looking for areas of integration in process and...
technology. With a more holistic approach to talent, you can look at such areas as the source of hire and assess trends for high performers or low performers and evaluate the impact on employee performance and business results such as same store sales in retail or manufacturing throughput.

**Focus on internal and external talent development simultaneously.** Focusing on talent retention versus talent acquisition should not be an “either or option”. As the talent supply chain is continuing to constrict, organizations must continue to evolve their approach and attractiveness to external candidates. Concurrently, organizations are experiencing the largest gap ever between job requirements and what exists within an organization and must look internally to development and grow their existing talent. The key to success is direct involvement with line of business (LOB) management and defining a standardized, company-wide skills and competency model. Take the time to understand your organizations’ expansion strategy and how that strategy impacts the internal and external workforce. Lastly, organizations must shift from disciplinary-oriented to developmental planning, goal management and 360-degree reviews that embrace and engage the workforce.

**Look to re-prioritize succession planning efforts.** Succession planning is an increasingly critical area for organizations and defining with the entire organization. Succession planning, or better defined as succession management, must be re-evaluated an eye on integration with other processes such as performance and competency management, automation, and objectivity. Success planning, at the core, includes the process of assessing, managing and planning the pipeline of talent to fill critical positions across the organization.

**Form a talent management governance council.** Define a governance structure that supports the talent management strategy and includes participation for the line of business. Get to know your HR counterparts, and more importantly, how their role, viewpoint and domain expertise can be leveraged. Include leaders of all talent management functions in solutions evaluations and view technology as talent management catalyst.

**Emphasize Talent DNA**

Effective talent management centers on the concept of “Talent DNA.” In order to successfully balance the notion of talent supply with organizational demand, there must be a match between capabilities and needs. Talent DNA serves as the foundation for talent management acting as the common currency exchanged between each sub-process (performance, learning, succession, compensation, etc.) The Talent DNA model is composed of three primary pieces:

1. Organizations must have meaningful descriptions of the capabilities (skills, behaviors, abilities and knowledge) required throughout the organization.
2. Organizations must be able to relate those skills and capabilities to a role or a center of demand, such as a job position, project or leadership role.
3. Talent management processes must create a comprehensive profile of their talent. They must be able to track meaningful talent related information about all of their people-employees, contractors, or candidates.

With all three components working in concert, organizations can effectively apply the Talent DNA model to virtually any HR process that directly impacts “talent supply and demand,” including recruiting, onboarding, staffing and development. The Talent DNA model provides a mechanism to make accurate decisions on talent needs—“have it, build it or buy it.” If needed skills and capabilities are present internally, they can be redeployed. If not, a decision can be made to either build these capabilities through learning and development, or buy them in the form of hiring or outsourcing externally.
Top Implications for Talent Management

The future of business is impossible to foresee; too many uncertainties remain. Far less mysterious, however, is the future of the workforce. As outlined in the previous section, a number of forces have set in motion a radical transformation of the workforce, the effects of which will be greatly magnified in the years to come. As this next-generation workforce takes hold, it will render traditional talent-management practices grossly insufficient, and often detrimental to the bottom line. Past practices, designed for an abundant, isolated, homogenous, and employer-dependent workforce, will no longer sustain organizations. The new workforce will be smaller and less sufficiently skilled. It will be increasingly global, highly virtual, and vastly diverse. Autonomous and empowered, it will demand a new generation of talent management, one that embraces:

- Predictive Workforce Monitoring and Strategic Talent
- Decision Making
- Flexible and Anticipatory Talent Sourcing
- Customized and Personalized Rewards and Communications
- Distributed and Influential Leadership
- Unified and Compassionate Cultures

Adopting these practices now is critical for future-focused organizations. Only by perfecting them will organizations get the most from the force with the biggest impact on the bottom line—the workforce.

Strategic of Talent Management

Discover
- Identify your talent needs.
- Find the right people at the right time for the right opportunity.
- Help talent determine where they fit in (in the organization and for which position).
- Individualized information exchange to orient new talent and allow for rapid productivity.

Inspire
- Coach, mentor, and give performance feedback to high potential talent.
- Develop and cultivate leadership capabilities.
- Identify high potential leaders and place them on a future track to lead the organization.
- Evaluate talent performance.

Transform
- Provide high potential talent challenging training and development opportunities.
- Cultivate a culture of feedback and continuous improvement.
- Assess organization direction, culture, climate, and values.
- Build and develop teams and teamwork.
- Drive performance improvement in individuals, teams, and organizations.
- Document return-on-investment.

What can organizations gain through talent management?

Clearly, as the worker shortage grows and the pace of change accelerates, recruitment alone can’t supply the smart leaders, strong managers, high-performers and ever-changing skills sets necessary for success. That’s why organizations are balancing recruitment with an investment not just in training, but in comprehensive talent management strategies. Talent management processes give organizations valuable metrics, performance motivators, and insights into workforce skills, competencies, and emerging
leaders. This vision empowers organizations to become more strategic in how they select, train, develop, retain, reward, and help employees grow within the organization.

By focusing resources on growing “new talent” from existing employees, a good talent management strategy sharpens an organization’s competitive position, reduces recruitment costs, drives higher performance and boosts retention rates.

Thinking about Talent Management

Much has happened in the last ten years to redefine the talent issues facing companies. Some organizations are grappling successfully with the challenges, but others urgently need to start working on them. According to a recent survey by the Society for Human Resource Management, for example, a third of US companies have done nothing about the aging of the workforce. The War for Talent work still informs our thinking. Robust talent systems and processes for recruiting, developing, and retaining employees—which we emphasized ten years ago—lie at the heart of any successful talent strategy. But our experience during the past decade shows that companies must do much more to ensure their access to a sufficient supply of talented people. Demographics, globalization, and the characteristics of knowledge work present long-term challenges that reinforce the argument for putting workforce planning and talent management at the heart of business strategy and for giving those issues a bigger share of senior management’s time. We’ve extended our War for Talent thinking in three important areas in which we believe that talent strategies can have a greater impact.

Conclusion

The global economic crisis has highlighted something that just about every HR leader – and CEO for that matter – intuitively knows: engaged, high performing people drive business success. It is just more important to have these type of people in the game when things turn rough because it is most certainly not going to be the low-performers who help. Talent management facilitates the hiring, development, engagement, and retention of high performing talent, which in turn drives bottom-line financial performance, customer satisfaction, and competitive advantage. Quite simply, this is why it is mission critical. Equally important is the ability to engage the whole organisation in developing a ‘talent mindset’. Talent Management and Succession Planning is a realistic program which facilitates the identification and systematic development of internal talent, for leadership and other key positions, who will compliment and drive an organization’s future vision.

References