

Talent Management: Nurturing Home Grown Talent

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New Concepts, rapidly changing business models, and globalization of markets all this and more have contributed to changing scenario in the corporate world. Aging workforce and retiring baby boomers have contributed to growing "Talent gap". New employee expectations and the complexity of global leadership have made that challenge enormously complex. This paper highlights the importance of an effective Talent Management strategy in an organisation. It concentrates on the following issues:

- *Why is Talent Management essential for an organization?*
- *Need for succession planning.*
- *Importance and benefits of Talent Management Systems.*

This report throws light on the emerging trend of Talent Management. It highlights the issues and challenges faced by the organizations in managing their talent.

Traditionally, companies did not recognize the need to identify and groom their talent to take up higher positions in the organizations; it was almost a ritual to hire talent from outside to fill the key positions of the organisations. But the trend has been changing.

Proper succession planning is the key to effective talent management. The talent selection and development process is a complex and variable one, involving many factors, which need to be taken into account. Companies should ensure that leadership growth keeps pace with organizational growth. The design of a programme to cultivate and groom high-potentials for possible leadership must inevitably start with a thorough analysis of the kind of talent the organization needs.

Keywords: Talent Management, Talent gap, Succession Planning

1. Introduction

Global competition, creating responsive and flexible organizations, building strong teams throughout an organization, responding to differing employee values and needs, all these are the major shifts that have compelled HR professionals to give a serious thought to manage their talent.

Traditionally, companies did not recognize the need to identify and groom their talent to take up higher positions in the organisations. It was almost a ritual to hire talent from outside to fill the key positions of the organisations. But the trend has been changing. Companies have started acknowledging this issue. This is evident by the changing business models that we see.

The reasons mentioned above, have all increased the demand for top-notch people. Meanwhile, the aging workforce is leaving many organizations with their critical talent approaching retirement – often with an inadequate supply of younger talent. With pressure to maintain earnings and increase shareholder value, organizations are quick to lay off employees in tough times. Although these layoffs may get an initial positive response, they can undermine performance later because organizations lack the talent to capitalize on growth opportunities. Many firms rely on recruiting new talent rather than systematic development of "home grown" talent. This generally leaves them unprepared to respond quickly to business opportunities. It is a constant struggle to have the right people in the right jobs at the right time in order to deliver improved business results.

Companies have finally begun to address the issue, acknowledging leadership talent shortages and making leadership development a priority. Most express concern that the leadership talent gap is one of *corporate India's biggest challenges*. Consequently, many HR professionals have been challenged to drive business results through the creation of enhanced leadership capacity.

The choice and cultivation of future leaders for their company is the most vital to any company's long-term health. Most companies do maintain a list or do have candidates who can take positions of various key executives at any given notice but large number of these newly minted leaders fail spectacularly because they are ill prepared to the job they take up.

According to a study reported in the June 20019 issue of the Harvard Business Review, 'People-Driven'

businesses have become predominant. But many companies, even in people businesses, do not yet have the necessary processes in place to develop their talent. While organizations have perfected sophisticated techniques for managing capital

investments, suppliers and the production and flow goods and services, their capabilities in managing people seriously lag. People are now the most significant cost in many industries when compared to spending on capital, R&D and suppliers.

In industries like advertising, IT services, financial and brokerage, engineering and healthcare, personnel, represent the largest component of their total spending. In people driven industries like these, the performance of talent drives the overall performance of the company. Not only is the performance of people very critical for a business to succeed but companies lose most of their capital resources in unnecessary recruitment, termination costs and lost productivity.

1.1 Meaning of “Talent”

The dictionary meaning of Talent is “A special ability”, natural qualities, endowments or gift (Oxford Dictionary). A talented person is said to be one who possesses unusual innate ability in some field or activity. It is derived from a Greek word, which means “balance or weight”.

In organisations, Talent equals ‘Individuals who have the capability to make a significant difference to the current and future performance of the company’.

1.2 Talent Management

Most large organizations talk about Talent Management as part of their wider strategy. Talent management is actually a broad HR concept that shows an important shift in the way companies attract, develop and retain their people. It is a crucial way of securing, developing and motivating people with the right skills and approaches to meet business objectives. Talent management does include many of the traditional HR activities, but the key difference is the drive towards integrated, effective systems for having the right people in place for the organization to succeed.

It is the comprehensive way to ensure that employees have the skills needed to manage and lead the business in the future. Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. It is the job of the Management, particularly the HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities.

In this globalized world, it is only the Human Resource that can provide an organization the competitive edge because under the new trade agreements, technology can be easily transferred from one country to another and there is no dearth for sources of cheap finance. But it is the talented workforce that is very hard to find. The biggest problem is retaining the present workforce.

Talent management provides value for HR because it places you in a facilitative, business partner role, rather than the usual administrative one. Facilitating talent reviews or talent discussions gives an opportunity to show the understanding of the various key business issues and the human capital requirements for business success.

Talent Management is a very vast topic and has various facets to it. It includes workforce planning, talent gap analysis, recruiting, staffing, employee education and development, retention, talent reviews, succession planning and evaluation.

1.3 Benefits Of Talent Management

Talent Management is beneficial to both the organization and the employees:

The organization benefits from:

- Increased productivity and capability.
- Better linkage between individuals' efforts and business goals.
- Commitment of valued employees.
- Reduced turnover.
- Increased bench strength.
- Better fit between people's jobs and skills.
- Having a talent mindset or focus impacts financial results. Several organizations track the impact of HR initiatives on financial results.

Employee's benefit from:

- Higher motivation and commitment.
- Career development.
- Increased knowledge about and contribution to company goals.
- Sustained motivation and job satisfaction.
- Tools and processes that Talent management provides, helps them to learn, grow, and remain 100 per cent engaged.
- Frequent and honest feedback on both their performance and their potential helps them perform better.

1.4 Succession Planning

Succession planning is nothing but a part of talent management, an ongoing process of systematically identifying, assessing and developing talent to ensure leadership continuity for all key positions in an organization. Succession planning should reflect the way the organization needs to change in order to achieve its goals. Strategic goals can only be achieved if an effective program for leadership succession is in place. Succession planning is necessary to ensure that leadership growth keeps pace with organizational growth.

Succession Planning enables continuity of leadership within an organization, which is key to maintaining focus, direction and productivity.

2. The Challenge

The trends in Talent Management show that the entire equation of Talent Management is soon going to change. The HR executives and corporate leaders will soon be faced with numerous challenges. Some of the challenges can be:

- *Keeping the workforce longer:* The graying of the workforce was a long predicted phenomenon. And now its almost here. Some companies are already facing the problem of their workforce reaching their retirement age soon. They cannot afford to lose their knowledge and expertise. The companies have to equip themselves with the kind of work environment and flexibility to make these resources stay.
- *Managing diverse and intergenerational work teams:* Slowly the workforce over a few years will shrink between the age group of 30-50. The organizations have to plan and develop strategies to attract and motivate such diverse groups. They have to make them work together productively.
- *Embracing workforce cultural and racial diversity:* The huge challenge for the corporations is to find ways to embrace as well as make the people from various backgrounds and cultures to work and stay together. They have to get people from various cultures all across the organisation.

2.1 Where And Why Do Organizations Fail To Identify Talent Within Their Organisation?

Most of the employers have been trying to recognize their fail point in retaining talent. The most common flaws can be:

- Their approach towards talent is fragmented. It might not be connected to other key talent management activities. Activities like attracting, retaining, and developing talent within the organisation should be a part of the organizational policy, but it might not be so in most of the organizations.
- Most of the organizations might not have a view of vacancies at various key positions, which are most of the times critical to the organizations. Loss of key individuals at such positions means a loss to the organisation in numerous ways. In such situations organizations mostly undertake “*crisis hiring*” which might prove to be beneficial at that point of time but might also have negative impact later as these individuals will not be aligned to the organisation strategic objectives.
- Development and deployment are separate and non-integrated activities.
- No organizational focal point to oversee the process.

3. Talent Gap

Concerns regarding leadership talent gap is one of corporate India’s biggest challenges. What has compelled HR to become more strategic? The answer has to do with the convergence of business pressures and demographic changes. Organizations are paying attention to talent management and changing the HR imperative because the environment is increasingly competitive. They have to produce more with greater efficiency. Having the right talent to drive performance, deal with change and create sustainable success is critical.

3.1 Types Of Talent Gap

The leadership capacity gap can be defined as the series of three interrelated gaps. They are:

- *Talent Gap*: This refers to the shrinking pool of available future leaders. The talent gap exists mainly because of changing demographics, which have resulted in the shrinking pool of younger talent available to assume senior roles in the organizations. The migration of leadership talent coupled with the organizational restructuring that has taken place over the past decade has also resulted in lean hierarchies and organizational structures. This has left many organizations without a pool of employees ready to move to the senior positions.
- *Capability Gap*: This type of gap refers to the low confidence that executives have in the capability of existing leaders to lead the organization into the future. As identified, many CEOs believe their leaders do not have the capabilities necessary for their organizations to succeed in the future. This capability gap appears to be greatest in the ability of leaders to inspire and engage employees.
- *Development Gap*: This type of gap refers to the limitations of current approaches to leadership development and learning. Many believe the development gap exists, in part, because current leadership development strategies have focused primarily on leadership at the top of organizations. Furthermore, current development strategies are seen to be too generic, outdated, and focused primarily on classroom training. The leadership development gap for all levels needs to be bridged through innovative and integrated leadership development experiences focused on achieving meaningful business outcomes. (*Faculty Article "The Leadership Gap" By Dr. Vince Molinaro and Dr. David S. Weiss*).

3.2 Reasons For Talent Gap

Nothing is more critical to an organization's current and future success than the effective management of talent:

- Changes in an organization's direction events such as changing marketplaces and strategies, mergers and acquisitions often result in changed requirements for critical executive and managerial skills. Most of the times the executives and managers are not ready to meet the new challenges.
- Talent gaps will open as baby boomers retire. Will qualified people be available to move into key positions as they open up? This rising gap is one of the reasons for the growing talent gap.
- Over time, demographic changes mean fewer people will enter the job market. The failure on the part of the organizations to develop strategies and implement them to attract, develop and retain the people with the right set of skills and approaches has contributed to the growing gap.

4. Creating A Talent Management System

The organizations can mainly focus on:

1. *The identification, selection, development, and retention of exceptional employees*: These are those individuals who have a demonstrated superior accomplishments, have inspired others to attain superior accomplishments, and who embody the core competencies and values of the organization. Their loss or absence severely retards organization growth because of their powerful impact on current and future organization performance.
2. *The identification and development of high quality replacements*: Every organisation has some key or critical positions, which cannot be left vacant at any point of time. Replacements for such key positions are very essential for the success of the organisation. Gaps in replacement activity for key positions are highly disruptive, costly, and distracting to the organization.
3. *The classification of and investment in each employee*: Every employee in the organisation has his/her own worth or significance. These employees should be classified based on his/her actual and/or potential for adding value to the organization. An organisation cannot spend an equal amount of money on all the employees.

4.1 So What Can The Organizations Do?

- The organizations should plan their recruitment needs in such a way that every position or gap in the organisation in the workplace is identified. Effective means of hiring the required individuals should be employed. Job profiles and specifications should be prepared keeping in mind the required kind of candidate.
- Organizations can invest in it's people by providing feedback and coaching - targeting not only each person's natural areas of strength, but also pinpointing the specific qualities that the organisation will need in the future. This is not a one sided approach, the outcomes are linked to how people are managed, developed and motivated. The direct effect on business outcomes can be tracked and analyzed. It is this joined-up quality that makes a significant difference - linking business strategy to people's daily experience of the organisation.

- It is vitally important that individual aspirations and organizational goals are delivered together. Too often, these are seen as unequal partners. However, organizations that genuinely focus on understanding each person's own natural talents tend to achieve corporate success. They need to create different routes for people to progress and develop, otherwise they will only appeal to a narrow range of people. This approach requires an open mind, tackling questions like "How can we use this person's talents and energies?" "How can we organize our work differently?" or "Are we aiming for the wrong things?" But if such issues are genuinely addressed, great things can be achieved.
- The organization should carefully develop something called as- *a distinct "employer brand"*, to attract talent, should think through how work is organized and its impact on issues such as employee satisfaction and retention. A talent management system is part of the "fabric of the organization"
- The organizations should focus on building something like organizational capability i.e. the ability to develop business strategies and execute them. The essence of organizational capability should be a tight link between business objectives and organizational processes for selecting, developing, appraising and rewarding people. In short, they should have effective talent management systems.

4.2 Role Of HR Professionals Involved In Talent Management

- For HR executives, who are responsible for talent management, should have frequent interaction with senior management, especially with the CEO. Since the CEO's involvement is required to make talent management successful.
- HR must coordinate and facilitate that involvement. Moreover, talent management leaders are likely to discuss issues of talent not only with the CEO, but also with the board. CEOs care about talent and express their concerns about leadership and talent issues regularly. Leadership is also constantly in the news as a requirement of all businesses. So HR executives need to care about both.

5. Conclusion

Talent management is here to stay and may well mark the future of HR itself. Technology is becoming rapidly enhanced and developed to support it. Senior management is aware of it and asking about it. More importantly, we cannot forget the personal impact it offers for HR professionals to enhance skills and visibility with senior management, as well to provide strategic impact on the organisation. HR has long sought a way to do the latter; talent management is now offering it.

The quest talented workforces are never-ending. Learning organizations should understand the role that they play in helping achieve a talented workforce. Parallel to this, these organizations should formulate a model to value and benchmark the change in human capital.

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