

Talent Management – An Implementation Perspective

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Introduction

It is difficult to identify the precise meaning of “talent management” because of the confusion regarding definitions and terms and the many assumptions made by authors who write about TM. The terms “talent management”, “talent instance, the following statements regarding processes for managing people in organizations ensure the right person is in the right job at the right time (Jackson & Schuler, 1990, p. 235); ...a deliberate and systematic effort by an organization to ensure leadership continuity in key positions and encourage individual advancement (Rothwell, 1994, p. 6); and, ...managing the supply, demand, and flow of talent through the human capital engine (Pascal, 2004, p. ix), which are used respectively to define human resources planning, succession planning, and talent management. While each of these terms focuses on managing employees their apparent similarity obscures the problem that the first definition refers to an outcome, the second to a process, and the third to a specific decision. Thus, the terms in the TM debate – which centers on the effective management of employee talent – are not clear and confuse outcomes with processes with decision alternatives. Beyond the confusion in definitions, we believe this is a problem for, not so long ago, planning and managing the acquisition, selection, and careers of employees was the province of Human Resources. Why the change in terminology and what, specifically, is talent management? Several recent articles in the practitioner-oriented literature describe “talent management” as “a mindset” (Creelman, 2004, p. 3); a key component to effective succession planning (Cheloha & Swain, 2005); and, an attempt to ensure that “everyone at all levels works to the top of their potential” (Redford, 2005, p. 20). Several authors fail to define the term (Frank & Taylor, 2004; Vicere, 2005; “Six ways you can help your CEO”, 2005) or admit, “There isn't a single consistent or concise definition” (Ashton & Morton, 2005, p. 30). Nevertheless, Ashton and Morton note, “good TM is of strategic importance” (p. 28).Despite this inauspicious start we delved further and uncovered three distinct strains of thought regarding TM. The first defines talent management as a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection, development, and career and succession management (Byham, 2001; Chohanec & Newstrom, 1991; Heinen & O'Neill, 2004; Hilton, 2000; Mercer, 2005; Olsen, 2000). Managing talent, for these authors, requires doing what HR has always done but doing it faster (via the internet or outsourcing) or across the enterprise (rather than within a department or function). Olsen offers a characteristic view, “A company's traditional department-oriented staffing and recruiting process needs to be converted to an enterprise wide human talent attraction and retention effort”.(Olsen, 2000, p.24). While many advocates of this perspective view TM quite broadly there is a tendency for practitioners who focus primarily on sub-disciplines or specialist areas within HR to narrow the definition of TM. For instance, recruiters have a tendency to discuss talent management in terms of sourcing the best candidates possible (“How a talent management plan”,

2004; Sullivan, 2005), training and development advocates encourage “growing talent” through the use of training/leader development programs (Cohn, Khurana, & Reeves, 2005, p. 64), compensation experts tend to emphasize the use of compensation and performance management processes (Garger, 1999), while leadership-focused writers stress succession planning and leader development (Conger & Fulmer, 2003). Regardless of the breadth of their point of view, or lack thereof, these authors replace the traditional term “Human Resources” with “Talent Management”. A second perspective on talent management focuses primarily on the concept of talent pools. TM, to these authors, is a set of processes designed to ensure an adequate flow of employees into jobs throughout the organization (Kesler, 2002; Pascal, 2004; “The changing face of talent management”, 2003). These approaches are often quite close to what is typically known as succession planning/management or human resource planning (Jackson & Schuler, 1990; Rothwell, 1994) but can also include typical HR practices and processes such as recruiting and selection (Lermusiaux, 2005). Central to these approaches is projecting employee/staffing needs and managing the progression of employees through positions, quite often via the use of enterprise-wide software systems. In these cases the focus is generally more internal than external. Schweyer (2004a) offers a perspective typical of this approach, “The first step in talent management is to gain a solid understanding of the internal workforce” (p. 20). It may surprise many Human Resource practitioners that the problem of ensuring an adequate flow of talent into positions while optimizing organizational resources has long been a topic of interest to researchers in industrial engineering and industrial management. Commonly known as “manpower” or “workforce” planning, these approaches generally involve modeling organizational staffing/career flows by coding levels of hierarchy, rules for entering and exiting a position, and parameters such as costs, anticipated tenure, and supply and demand (Pegels, 1981; Stahlman & Lewis, 1994; Wild & Schneeweiss, 1993). The progression of people through positions due to growth, attrition, and other factors programmed into the model has been used to simulate a variety of organizations and staffing planning problems. Enterprise talent management systems that catalogue workforce skills and the demand and supply of employees have the advantage of considering more jobs simultaneously than most manpower models, but perform essentially the same task. A third perspective on TM focuses on talent generically; that is, without regard for organizational boundaries or specific positions. Within this perspective two general views on talent emerge. The first regards talent (which typically means high performing and high potential talent) as an unqualified good and a resource to be managed primarily according to performance levels. That is, highly competent performers are to be sought, hired, and differentially rewarded regardless of their specific role or, in some cases, the organization's specific needs. Thus, in contrast with the second perspective outlined above, organizations are encouraged to manage performance pools of talent generally rather than succession pools for specific jobs. Advocates of this approach classify employees by performance level (e.g., “A”, “B”, and “C” levels to denote top, competent, and bottom performers, respectively) and either encourage rigorously terminating “C” players (the “War for Talent” approach advocated by Axelrod, Handfield-Jones, & Michaels, 2002; Michaels, Handfield-Jones, & Axelrod, 2001) or “topgrading” the organization via exclusively hiring “A” players (Smart, 1999). For example, topgrading is defined as “packing entire companies with a player – high performers, from senior

management to minimum wage employees – those in the top 10% of talent for their pay”. (“Welcome to topgrading”, 2005). The second perspective of generic talent regards it as an undifferentiated good and emerges from the both the humanistic and demographic perspectives. Talent is critical because it is the role of a strong HR function to manage everyone to high performance (Buckingham & Vosburgh, 2001; Walker & Larocco, 2002) or because demographic and business trends make talent in general more valuable (Gandossy & Kao, 2004; Romans & Lardner, 2005; Tucker, Kao, & Verma, 2005).

Challenges of Talent Management and Skills Development

A common mistake organisations make is to neglect their “B-players”. Organisations got caught up in the much quoted and widely publicised “war for talent”. After all, hunting for stars is much more fun, they are impressive to have on the payroll, and they make CEO’s look good. However, the Preoccupation with the stars (or “A-players”) often results in the underestimation of the capable, steady performers in the business. They lack the lustre and brilliance of the stars, but often are the best bet for long term sustainability. The adequate and capable employees are often the ones who save the organisation from itself. According to a Harvard Business Review article (HBR, June 2003) the star employees often focus more on themselves and their own needs, and not on what is good for the company. Solid and capable “B-players” on the other hand are steady; they stay longer and make huge contributions to the success of a business. It is therefore crucial to expand the focus of Talent Management and to ensure that the majority of the organisation’s workforce is included in the management of talent, not just the top 10% of the organisation. Another challenge organisations face is the fine line between developing and optimising talent and potential, and the risk of making staff more employable. The more we invest in people, the more attractive they become to competitors and the market. Organisations are raising their expectations of what would be an acceptable threshold of entry – this impacts on all workers. They have to raise their own levels of competitiveness and skill-sets to compete in the knowledge-based economy. In South Africa this reality is particularly challenging as a vast portion of our nation needs to not only be competitive, but to also eradicate disadvantages and educational legacies of the past. This poses pressure on institutions responsible for building capacity and skills. Brown, P and Hesketh, A (2004) makes the point that recruitment cannot become the substitute of poor people management (including skills development). Neither is recruitment a substitute or compensation for investment in training and development. The challenge is to find the dormant and obvious talents and build it to the mutual benefit of both the organisation and the individual.

Another challenge organisations face is the absence of a clear plan and strategy to develop skills and capacity at all levels for all staff. Staffs have no road map for getting the skills they need, companies have not identified the need for future success and skills development often becomes an operational necessity, as opposed to a long-term strategic business imperative. A key challenge that needs to be addressed when managing talent is to provide staff with adequate opportunities to practice new skills and competencies. We often invest fortunes to develop talented

people (at all levels) and then they go back to their old role with the old routine with no opportunity (and no time) to implement new skills and knowledge.

Talent Management Benefits – A Business Issue

Given the challenges organisations are facing to be sustainable and competitive in an ever-changing economic landscape, Talent Management offers very real and tangible benefits. It stands to reason that when 75% of companies experience leadership shortages, 50% of baby boomers are retiring and external appointments are not as effective that a solution must be found. Benefits of effective Talent Management include (Heidke, JD, 2006 and Veldsman, T):

- Reduction of recruitment costs
- Effective knowledge management and transfer
- Realisation of business strategy
- Delivery of cutting edge services and products
- Creating a competitive advantage

Other benefits can include:

- Reducing risks (remember one employee in hand is worth 200 in resumes!)
- Improved client retention. Clients value relationships and talented people often are critical to valuable client relationships. Companies must remember that it is easier to keep old customers than to find new ones, as well as the fact that they will not have loyal customers without loyal employees
- Maintaining adequate capacity

Success Factors for a Talent Management System

- A Planned Approach:** Retain people as individuals, not as a group. Retention programmes should be highly targeted and should target individuals.
- Marker-driven:** Companies must accept that the market and not themselves will dictate and ultimately determine the movement of staff. CEO's must realise that they cannot shield talented people from that attractions and opportunities out there.
- Invest:** Invest in people.
- Timing of Retention:** Retention should start on the day the person is employed. Encourage participation in what matters and make them feel valuable from day one.
- Good Job Design:** Jobs should be meaningful and ideally should allow employees to find meaning and the freedom to explore their particular talents and interests within the sphere of their role. According to Elliot Jaques (2006) it is important to ensure people's current capability is matched with the job's inherent complexity.
- Compensation:** Steer clear from the "golden handcuffs". It can and will be easily matched by the competition. In the process you create anomalies, resentment and low morale. Rather consider alternatives such as deferred bonuses, incentives, hot-skills premiums, etc.
- Social Ties:** A Harvard Business Review (January 2000) suggests that loyalty to colleagues is a strong retention factor. Although loyalty to organisations may be shrinking, loyalty to colleagues often result in people staying on longer.

Conclusion

Talent Management is part of corporate world. It is inseparable from the knowledge-based economy and will increasingly affect how we do and lead business. Authors and experts are increasingly making a case for broadening the definition of talent and not only focusing on the elite top 5-15% percent of the organisation. There are compelling arguments for redefining the “war for talent” to rather be the wealth of talent. It makes sense in emerging economies to look at talent broadly and inclusively, as well as to maximise potential at all levels. Talent Management requires effort, reward and poses challenges, but if ignored it will erode sustainability and performance. It is not an HR initiative, but a business imperative.

Retention of talented people at all levels in the organisation is key to success and more and more it is acknowledged that brand, leadership, recognition and good people practices are key to retention. Talent Management more importantly helps in the development of talent and is crucial to our growth as an emerging economy. It implies a huge responsibility for HR, SDF’s, leadership, government and SMME’s to build the nation’s capacity and skills. Talent inspires and motivates.

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