TALENT MANAGEMENT IN ORGANIZATIONS: AN EMPIRICAL RESEARCH

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Abstract

The term "war for talent" is now commonly used to reflect the changing nature of the employment relationship and the shortage of talent in the workplace. In an increasingly talent-dependent world, forward thinking organizations understand the strategic importance of talent and view talent management as a critical organizational capability. Today, the business scenario is seen to be unremittingly changing. Human resource is playing its role as a strategic partner instead of supporting administrative tasks in the organizations because greatest assets of the organization are its people.

People though belong to diverse backgrounds therefore possess diverse talents. So, this is an organization's responsibility to effectively manage the talent of its workforce to succeed in a highly competitive marketplace. Despite a significant degree of academic and practitioner interest the topic of talent management remains under developed. A key limitation is the fact that talent management lacks a consistent definition and clear conceptual boundaries. The specific contribution of the current paper is in developing a clear and concise definition of talent management.

Keywords:Strategic;**Workforce**;**Talent;Talent Management**;**Organizational Success.**

1. INTRODUCTION

The term "war for talent" is now commonly used to reflect the changing nature of the employment relationship and the shortage of talent in the workplace. In an increasingly talent-dependent world, forward thinking organizations understand the strategic importance of talent and view talent management as a critical organizational capability.

Analyst research has proven that organizations using talent management strategies and solutions exhibit higher performance than their direct competitors and the market in general. From **Fortune 100** global enterprise recruiting and performance management, to small and medium business e-Recruiting; leading companies invest in talent management to select the best person for each job because they know success is powered by the total talent quality of their workforce.

Talent management is therefore an integrated process that is vertically aligned to the business, and horizontally aligned to wider HR and OD policies and practices. Talent management strategies must not only focus on developing an organization's managers and leaders of the future but also on maximizing the potential and talent of every individual within the organization.

The current concept and practices of Talent Management were developed in a response to a paper published in 1998 by McKinsey & Company titled the 'The War on Talent' (McKinsey & Company, 2001). The research conducted by McKinsey highlighted the importance of talent in a competitive business environment. Although, it is important to note that the notion of human capital management had been around since the 70's (Schein, 1977).

The business scenario is changing rapidly. Success in achieving business objectives requires talented resources that are capable of thinking and doing things differently. Identifying and acquiring talent has become difficult; it is more difficult to retain them because talents are very mobile.

Talent is perceived as a natural ability or aptitude which is closely related with a capacity for achieving success. Talent is a fluid notion and is defined differently by different organizations.

However, the basic features of talent in the work place relate to skills, knowledge, cognitive ability and potential for development.

The need to develop and promote talent has become an important feature in the contemporary business environment. Talent has become a precious commodity and how organizations manage talent has potential to greatly impact on their performance. This is due to the challenges imposed on business as a result of:

❖ The recent economic downturn where keeping ahead of competitors to survive and flourish has become imperative.

❖ Competition between employers has increased dramatically from the regional to the global levels as a result of the globalization process.

❖ Increased flexibility and opportunity in the labour market for potential employees. Evidence has shown that there is a shortage of managerial talent leading to increased competition for the best people managers.

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.

Meaning of Talent

Talent is defined as a natural ability which is separate from learned knowledge or skills and can be further developed and enhanced with practice and learning. Talent is attributed to those individuals that have the potential to make a positive impact on 'organizational performance either through their immediate contribution or in the longer term by demonstrating the highest levels of potential' (Ford at al., 2010).

Talent, in the context of the workplace, provides a distinction between those individuals that have the potential to make a difference, and the rest of the workforce. Those identified as talented are usually linked with leadership and managerial, technical or specialist positions thus talent serves to refer to those 'limited number of people who possess the highest quality of managerial and leadership skills' (Ford at al., 2010).

Talent Management

Talent management refers to the process that facilitates the 'identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization' (CIPD, 2014).

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.

The essential function of talent management is to prepare organizations for the future (immediate through to long term) by planning and developing human capital in order to meet the different future skills shortages they are faced with.
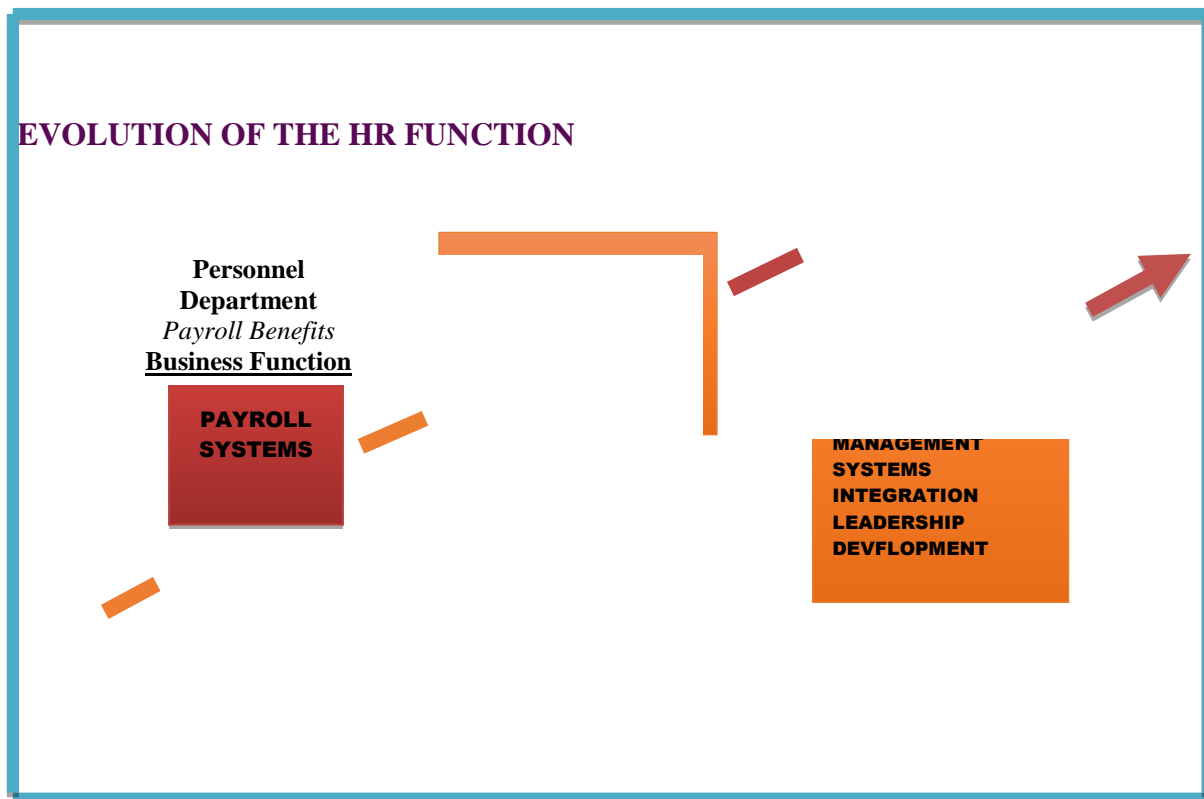
In a competitive marketplace, talent management is a primary driver for organizational success. Talent management is of core to the vitality of the business to meet and exceed current as well as future business strategies and goals.

Framework of talent management proactively anticipates and meets business talent demand which is necessary to successfully execute the business strategy. It insights into the business strategy, then accordingly develops as well as retains prior talent and attracting new talent to cope with the strategic needs in order to get best utilization out of tools and processes to deliver talent management solutions.

It focuses on both the individual and organizational needs and aims to bring out the potential of each and recognizes the importance of maintain key individuals in a competitive labour market. Talent Management is 'based on the assumption that there is potential in each and every one and any approach should be to try to release that' (Cannon and McGee, 2007).

However, a different perspective of talent management states that talent is inherent only in a number of selected individuals and particular focus should be placed on them. Ultimately, talent and who has talent will be determined by the employer, and the employer's plans for their business.

"Talent management is conscious, deliberate approach to attract, develop, and ability to meet current and future organizational needs."

EVOLUTION OF THE HR FUNCTION

Personnel Department
Payroll Benefits
Business Function

PAYROLL SYSTEMS

MANAGEMENT SYSTEMS INTEGRATION LEADERSHIP DEVFLOPMENT

Stage 1: Personnel Department:

In the 1970s and 1980s the business function which was responsible for people was called "The

Personnel Department." The role of this group was to hire people, pay them, and make sure they had the necessary benefits. The systems which grew up to support this function were batch payroll systems. In this role, the personnel department was a well understood business function.

Stage 2: Strategic HR:

In the 1980s and 1990s organizations realized that the HR function was in fact more important - and the concepts of "Strategic HR" emerged. During this period organizations realized that the VP of HR had a much larger role: recruiting the right people, training them, helping the business design job roles and organization structures (organization design), develop "total compensation" packages which include benefits, stock options and bonuses, and serving as a central point of communication for employee health and happiness.

The "Head of Personnel" became the "VP of HR" and had a much more important role in business strategy and execution. The systems which were built up to support this new role include recruiting and applicant tracking (ATS), portals, total compensation systems, and learning management systems. In this role, the HR department now became more than a business function: it is a business partner, reaching out to support lines of business.

Stage 3: Talent Management:

We are now entering a new era: the emergence of "Talent Management." While strategic HR continues to be a major focus, HR and L&D organizations are now focused on a new set of strategic issues:

❖ How can we make our recruiting process more efficient and effective by using "competency based" recruiting instead of sorting through resumes, one at a time?

❖ How can we better develop managers and leaders to reinforce culture, instill values, and create a sustainable "leadership pipeline?"

❖ How do we quickly identify competency gaps so we can deliver training, e-learning, or development programs to fill these gaps? How can we use these gaps to hire just the right people?

❖ How do we manage people in a consistent and measurable way so that everyone is aligned, held accountable, and paid fairly?

❖ How do we identify high performers and successors to key positions throughout the organization to make sure we have a highly flexible, responsive organization?

❖ How do we provide learning that is relevant, flexible, convenient, and timely?

These new, more challenging problems require new processes and systems. They require higher integration between the different HR silos -- and direct integration into line of business management processes. Today organizations are starting to buy, build, and stitch together performance management systems, succession planning systems, and competency management systems. The HR function is becoming integrated with the business in a real-time fashion.

II. RECENT SURVEYS ON TALENT MANAGEMENT

Studies on talent management reveal a number of common themes. First, the focus on talent management forces companies to become aware of—and assess—their workforce talent and current and future talent needs.

Second, organizations that understand the business case for talent management successfully link talent management and organizational strategy, reaping benefits in increased workplace performance. Third, organizations are seeking effective ways to measure talent and determine bottom line impact.

Talent Management trend survey 2015

Under this survey, around 73% of respondents indicated that the talent management is a high or a very high priority. Some 88% of the respondents stated that critical competencies are changing or evolving in their organization.

Further, around 98% of the survey participants noted that competitions for talent is heating up in their industries and 77% of the respondents said that global factors are making a significant difference in their talent management and acquisition strategies.

Despite the need of talent management strategies, only 26% of the participants have talent scorecards in place. Over 70%, either did not know or were not sure as to how they measure

people performance, and productivity, in term of business value creation.

Talent Management Survey SHRM 2014

According to this survey, overall 53% of HR professionals indicated their organizations had specific talent management initiatives in place. Large organizations consisting of 500 or more employees that were profit oriented and having five or more staff members in their HR departments were more likely to have talent management plans in place.

Among respondents who reported their organization had specific talent management system in place, 76% of HR professional indicated that talent management was a top priority for their organization.

Only 20% of the employees indicated that their organizations adequately prepared their junior or mid-level employees to step into senior leadership positions. Although employee retention may be the biggest talent management concern that organizations will confront in the next decades, less than 31% of HR professionals indicated that their organizations had formal budgets in place for retaining employees.

Most of all, they were not viewing this phase of the talent management process seriously. Overall the employee retention budgets in these companies were significantly lower in comparison with the budgets for recruitment and employee development.

Talent Management Strategies Survey 2013

According to this study, 43% of companies see retention of key talent as the issue that will have the most impact on their business. Further, 72% of organizations are concerned about the negative effect on the bottom line due to inadequate skills of incoming workers.

The study emphasizes that as baby boomers turn 62 in 2008 and skills gaps widen, the impending talent crisis will quickly become a global, cross-industry threat. For example, 33% of companies state that 11% of their workforce may retire in the next two or three years. For 31% of companies, the issue of retirement and impending skills shortages is being discussed at the

board level. However, only 50% of organizations have a defined list of critical skills for the future.

The High-Performance Workforce Study 2012

Executives in six countries spanning more than 15 industries were surveyed. The findings reveal six practices that dramatically improve workforce performance, yielding strong contributions to business performance. The number one practice is a formal process for talent management, supported by technologies, that enables an organization to objectively assess employee skills and capabilities and quickly identify the best candidates for open positions.

III. OBJECTIVES OF THE STUDY

❖   The primary objective is to understand the concept of Talent Management;

❖   To study the importance and benefits of the Talent Management;

❖   To examine the different surveys of Talent Management.

IV. NEED OF THE STUDY

A talented employee with high potential can make a significant difference to the current and future performance of the organization. In fact talent management is considered as a driver to organizational success. So, there is need to nurture talent in the organization.

Talent Management:

❖   It ensures the development of the skills an organization needs

❖   It addresses the skills shortages of the future

❖   It increases organizational performance and ensures a competitive advantage

❖   It is a prime factor in attracting and retaining talented individuals

V. 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.

THE FOLLOWING STEPS SHOWS THE COMPLETE PROCESS:

Step: 1 Workforce Planning

The key of talent management begins with talent searching and recognizing individuals for their unique strengths. Planning consist of the process of knowing how to select appropriate individuals as employees based on their skills, knowledge, pragmatism, maturity and making sure that they are smoothly fitted into their assigned roles as well as the overall system. Planning further refer to using the available assets for the effective implementation of the production plan.

Step: 2 Recruiting

The recruitment and selection activities are the major functions of the HR department as they create the competitive strength of the company. The company has to decide the position to be filled through manpower planning, carrying job analysis, developing the job description, and job specification, followed by the finalizing the man specification. Through an integrated process of recruiting, assessment, evaluation, and hiring the business brings people into the organization.

Step: 3 Onboarding

The organization must train and enable employees to become productive and integrated into the company more quickly. A carefully designed placement system improves employee morale, which in turn reduces employee turnover and absenteeism.

Step: 4 Performance Management

Performance management is the means through which managers ensure that employees' activities and output are congruent with the organizational goal. It is central to gaining competitive advantage, and comprises three phases- defining performance, measuring performance, and taking a feedback on the performance.

Step 5: Training and Performance Support

Training is an HRD mechanism that improves the knowledge, skills and the performance of the employee. Most of the organizations identify specific training needs prior to training its people.

Once the training needs are identified, development of the training objectives should be carried out. Trained and developed talents have a greater probability of staying and growing in a company.

Step 6: Succession Planning

Investment in human capital requires careful planning. Under the talent management umbrella, succession planning and leadership development are important organizational business strategies to develop and retain talent. 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.

Step 7: Compensation and Benefits:

Compensation management is a strategic issue and includes all forms of pay and rewards given to employees. A sound and effective compensation system is the key driver of motivation, employee retention, and enhanced quality of work life. Many organizations try to tie the compensation plan directly to performance management so that compensation, incentives, and benefits align with business goals and business execution.

Step 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.

SEVEN KEYS TO EFFECTIVE TALENT MANAGEMENT

❖ Develop an integrated, proactive talent management: View "employee of choice" status as an outcome of coherent corporate culture rather than ad-hoc programs.

❖ Balance grassroots involvement in talent attraction and retention with management accountability.

❖ 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.

❖ 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.

❖ Keep various retention factors in balance, especially the mix of compensation and non-financial motivators.

❖ Track turnover: Know its cost and where they are the greatest and convey them to management to support the business case for retention.

❖ Mark the company and its brand to current employees as vigorously as to the outside talent pool.

VI. BENEFITS OF TALENT MANAGEMENT

Talent management is beneficial to both the organization and the employees.

Organization benefits

1. Increase productivity and capability.

2. A batter linkage between individual's efforts and organizational goals.

3. Commitment of valued employees

4. Reduced turnover

5. Increased bench strength and a better fit between people's jobs and skills.

Employee benefits

1. High motivation and commitment.

2. Career development.

3. Increasing knowledge about and contribution company goals.

4. Sustained motivation and job satisfaction.

VII. FUTURE PROSPECTIVE OF TALENT MANAGEMENT

The world economic Forum and Boston consulting Group study indicates that I the years, 2020 and 2030, India will face a shortage of right skills talents in sectors such as IT and leisure, and a more pronounced gap in manufacturing and engineering construction.

The study unambiguously points out, 'The talent shock is coming'. It will arrive in years, not decades, regardless of the current economic crisis. It is time for all involved stakeholders to ally forces and prepare for an era of extreme labour scarcity, significant talent mobility, and a truly global workforce.

Even today, there are shortages in many areas of technology, teaching/ research, and in industry. So that, 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-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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