TALENT MANAGEMENT: OPPORTUNITIES AND CHALLENGES

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ABSTRACT: “When land was productive people battled over it. The same is happening now with talented people” Stan Devis & Christopher Meyer, Future Wealth. Talent Management has become one of the most important buzzwords in Corporate HR and Training today. Organizations are working hard to attract, hire, develop and retain talent, yet they are facing skills shortage which is creating both socio-economic and cultural challenges. In The Conference Board’s 2007 CEO Challenge study, CEOs’ rankings of the importance of “finding qualified managerial talent” increased by 10 percentage points or more when compared to the same research conducted just one year earlier. This emphasis on talent management is inevitable given that, on average, companies now spend over one-third of their revenues on employee wages and benefits. The idea of managing talent is not new. Four or five decades ago, it was viewed as a peripheral responsibility best relegated to the personnel department. Now, talent management is an organizational function that is taken far more seriously. In today’s global economy, there is a change in workforce trends such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, and talent war among companies So effective talent management is not simply a matter of exhortation or charisma. Close, comprehensive and scientific analysis of the capabilities needed to achieve high performance is vital. Companies are developing plans and processes to track and manage their employee talent, including, attracting and recruiting qualified candidates with competitive backgrounds, managing and defining competitive salaries, training and development opportunities, performance management processes retention programs, promotion and transitioning. 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. The objective of this paper is to develop understanding about the history, principles, and processes of talent management and secondly the opportunities and challenges for organization in managing talent. The research approach adopted for the study conforms to qualitative research, as it reviews the literature and multiple case studies on Talent Management, analyze and understand the theoretical framework and models related to the topic and build a understanding for the same

Keywords— Talent Management, Principal and Process Challenges and opportunities

I. INTRODUCTION

War for Talent was the phrase coined my McKinsey consultants in 1997 and after that the topic of talent management has become of great interest in corporate world. This relatively recent emphasis on talent management represents a shift from more traditional human resource (Hambrick and Mason, 1984; Miller, Burke and Glick, 1998), and strategic human resource management (SHRM) (Huselid et al., 1997; Schuler, 1989; Wright and McMahon, 1992) towards the management of talent specifically suited to today’s dynamic competitive environment. Strategic talent management is defined as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization. In this regard, it is important to note that key positions are not necessarily restricted to the top management team (TMT) but also include key positions at levels lower than the TMT and may vary between operating units and indeed over time. Talent Management is a process which is gaining much hype in the recent corporate world so this paper tries to create a understanding about the history , definition and process of the Talent Management and , despite the growing popularity of talent management and over a decade of debate and hype, companies are still facing a lot of challenges in incorporating talent management in a proper way , so we try to find out the opportunities and challenges in talent management and best practices to cope up with them.
OBJECTIVES:

1. To develop understanding about the history, principles, and processes of talent management.
2. Find out the opportunities and challenges for organization in managing talent and best practices for it

HISTORY AND EVOLUTION OF TALENT MANAGEMENT:

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. 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 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. HR” 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. 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: like making our recruiting process more efficient and effective by using “competency based” recruiting instead of sorting through resumes, one at a time, developing managers and leaders to reinforce culture, instill values, and create a sustainable “leadership pipeline, Quickly identify competency gaps to deliver training, e-learning, or development programs to fill these gaps, managing people in a consistent and measurable way so that everyone is aligned, held accountable, and paid fairly , identifying high performers and successors to key positions throughout the organization to make sure we have a highly flexible, responsive organization ,providing learning that is relevant, flexible, convenient, and timely. These new, more challenging problems require new processes and systems. They require tighter 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

DEFINITION:

The terms “talent management”, “talent strategy”, “succession management”, and “human resource planning” are often used interchangeably. Jackson & Schuler, 1990 said that “Talent management is to ensure the right person is in the right job at the right time. Rothwell, 1994 described talent management as a deliberate and systematic effort by an organization to ensure leadership continuity in key positions and encourage individual advancement Pascal, 2004 said that managing the supply, demand, and flow of talent through the human capital engine, which are used respectively to define human resources planning, succession planning, and 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).Nevertheless, Ashton and Morton note, “good TM is of strategic importance.

THREE DISTINCT STRAINS OF THOUGHT REGARDING TALENT MANAGEMENT

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;Chowanec & 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).

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.
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 “top grading” the organization via exclusively hiring “A” players (Smart, 1999). For example, top grading is defined as “packing entire companies with A players high performers, from senior management to minimum wage employees – those in the top 10% of talent for their pay”. (“Welcome to top grading”, 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).

In addition to the above three streams of thought about talent management, David G Collings and Kamel Mellahi recognized and add an emerging fourth stream which emphasizes the identification of key positions which have the potential to differentially impact the competitive advantage of the firm (Boudreau and Ramstad, 2005; Hulesid et al., 2005). The starting point here is identification of key positions rather than talented individuals per se.. Therefore, the organizational talent management strategy is viewed as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization.

A THEORETICAL MODEL OF STRATEGIC TALENT MANAGEMENT

1. IDENTIFYING STRATEGICALLY IMPORTANT TALENT POSITIONS

In contrast to the influential stream of talent management literature which emphasizes the identification of ‘A’ performers and focuses on their retention and development (Axelrod et al., 2002; Frank et al., 2004; Michaels et al., 2001) an emerging literature base advocates a focus on the identification of key positions (Boudreau and Ramstad, 2005; 2007) or “A positions” (Huselid et al., 2005) which have the potential to differentially impact on sustainable competitive advantage .Huselid et al. (2005: 2) told that important is differentiated focus on strategic rather than non-strategic positions. Huselid et al. (2005: 2) define these “A positions” by their “disproportionate importance to a company’s ability to execute some parts of its strategy and second…the wide variability in the quality of the work displayed among the employees in these positions”. While the organizations’ strategic human capital is encompassed in the employees of the organization, to whom we return below, it is the organizational systems and processes which create and manage this strategic human capital and ensure that its contribution is maximized. Human capital is of little economic value unless it is deployed in the implementation of the organization’s strategic intent (Becker and Huselid, 2006; Boxall and Purcell, 2008). However, Becker and Huselid themselves recognize their failure to adequately quantify why certain jobs are strategically important and what determines the difference in value between jobs? Engaging with such questions requires a fairly fundamental change in how organizations think about role and job evaluation. Traditionally, jobs were differentiated in terms of inputs, such as skills, efforts and abilities and working conditions (Huselid et al., 2005). The approach advocated here emphasises evaluation in terms of potential outputs or the potential for roles to contribute to the organizational strategic intent. However, the extent to which a variation in performance between employees in strategic roles is also a significant consideration (Huselid et al., 2005). While some roles are strategically important, regulation and standardized training or professional qualification, mean that performance in the role may be relatively standardized and the potential for differentiation is limited. Thus strategically important roles which allow for potential differentiation between performances in the role should be particularly central in organization’s strategic talent management systems.

2. DEVELOPING A TALENT POOL

The term talent pool refers to the pool of high potential and high performing incumbents that the organization can draw upon to fill pivotal talent positions. Framework for developing Talent Pool proposes that having identified the pivotal talent positions within an organization, the key for strategic talent management system is the development of a talent pool to fill these pivotal positions. In simple terms, this entails a shift from vacancy led recruitment toward ‘recruiting ahead of the curve’ (Sparrow, 2007). It involves the proactive identification of incumbents with the potential to fill key positions which may become available. Smilansky (2006) likens this to talent
3. CREATING A DIFFERENTIATED HR ARCHITECTURE

We identify two key streams of work within the strategic HRM literature. The first, best practice approach, assumes there is a universal configuration of HR practices that can improve company profitability and is particularly associated with Pfeffer’s (1994; 1998) influential contribution. This set of practices is applicable regardless of the organizational context. Second, authors in the ‘best fit’ tradition, recognize the impact of the particular internal and external context in which the organization operates on HR practices (Wood, 1999). Also termed the contingent school, this approach suggests that organizations should align their HR strategies with the firm’s strategy and wider environment (Boxall and Purcell, 2008). Although acknowledging wide variations in how HRM is viewed in these studies, one key theme is relatively consistent across the studies is their tendency to assume that all employees within an organization were managed with a single configuration of HR practices (for exceptions see Huselid, 1995; Jackson and Schuler, 1995). More recent contributions (Lepak and Snell, 1999; 2002; Tsui, Pearce, Porter and Tripoli, 1997), however, recognize the importance of a differentiated HR architecture that acknowledges the differential contributions that specific worker groups can make to organizational performance. Indeed, organizations have long since employed multiple HR systems together (Lepak and Shaw, 2008) and this has been reflected in distinctions in some academic studies between exempt and non-exempt workers (Huselid, 1995) or managerial versus non-managerial employees (Jackson et al., 1989). Tsui et al (1997) are generally considered to be the first to distinguish between multiple HR systems within organizations and the potential for these HR systems to yield different outcomes (Legnick-Hall et al, 2009). Lepak and Snell (1999) developed the contingent configurational view in the context of SHRM and demonstrated that specific HR systems are unlikely to be appropriate in all situations but rather depend on the uniqueness of the human capital.

CHALLENGES IN TALENT MANAGEMENT:

Challenge 1: Corporate workforces are becoming more global, but talent management is not keeping pace.

Today, it’s hard to find a corporation that isn’t global. Among survey respondents, just 9% say that their workforce is based entirely in the country of their corporate headquarters and, in three years’ time, this proportion will fall to 4%. Yet those organizations with an overseas workforce of more than 60% score lowest on adapting talent management to changes in the business environment, understanding the relationship between talent and company performance, and investing in talent management.

Challenge 2: Companies struggle to invest strategically in talent management.

Achieving superior financial results on a sustainable basis depends on making the right investments in talent. Yet it is clear that companies remain reluctant to make that commitment. Even among high performers, just 45% say their company is effective at investing adequately in talent management to meet financial targets; among low performers, this proportion falls to 36%.

Challenge 3: Measuring the effectiveness of talent management remains a challenge.

Any business leaders struggle to articulate a clear link between people and broader corporate performance. Part of the problem is that the metrics that really matter are the most difficult for companies to capture. Our survey respondents mainly point to easily quantifiable outputs, such as employee satisfaction and retention rates. Tammy Erickson, an expert on organizations and the changing workforce argues that metrics such as retention rates do little to explain whether a talent management approach is effective.

Challenge 4: The skills and competencies required by future business leaders are changing.

The “softer,” the better: the high performers in our survey are much more likely than their lower-performing counterparts to consider “softer” attributes important for C-level leaders. For example, they place greater emphasis on leading effectively in an international business environment, along with the ability to articulate and embody the values and culture of the organization. By contrast, the lower performers place greater emphasis on the more traditional, “hard” leadership skills, such as industry and technical expertise and grasp of the financials. “The idea of simply having a very strong subject-matter expert in the senior ranks of the company just isn’t a viable model anymore,” says Leisy. “Subject-matter expertise is a given. Companies need to adapt their talent management approach so that they can better identify and nurture the ‘softer’ skills that have now become so critical to business leadership.

Challenge 5: Companies lack robust succession plans to identify the next generation of leaders.

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Even among the high-performing companies, there is a real lack of confidence about the next generation of leaders. Only slightly more than half (54%) agree that they have a strong pipeline of future leadership talent, compared with 43% of the low-performing companies. Companies are even less optimistic that they will be able to find leaders with sufficiently diverse experience and backgrounds, with just 45% of the high performers and 36% of the low performers agreeing that their organization has addressed these aspects of leadership development.

BEST PRACTICES FOR MANAGING TALENT
Many writers and consultancy groups have been trying to find out solutions have worked to find out what can be the best strategies for managing talent. Some of the strategies can be as followed.

TALENT STRATEGY MUST BE TIGHTLY ALIGNED WITH BUSINESS STRATEGY. The connection between talent and business strategy is considered long after strategic plans are made. Effective talent management requires that your business goals and strategies drive the quality and quantity of the talent you need. For e.g. Procter & Gamble, views “business decisions and talent decisions as one.” If a organization have acquired a other company needs to retain the best talent with itself , want to have a right management team want employees to fit in the new culture .Or some organization looses its market share needs talented people in the company to maintain the status quo ,rejuvenate brand and action orientation to turn the things around . The real scenarios described above represent clear-cut examples of why matching talent to business needs is so powerful. These organizations all hold a common belief that business success hinges on having the right talent in place—at the right time.

HR SHOULD TAKE THE TALENT MANAGEMENT RESPONSIBILITY
Talent managers need to own parts of the process and serve as partners, guides, and trusted advisors when it comes time to talk talent. Research shows this is no easy feat. In the most recent report, the Global Leadership Forecast 2008/200912, leaders were asked to rate the overall quality of HR. Only a quarter offered a very good or excellent rating, and just 30 percent of CEOs viewed HR as a strategic partner. In Development Dimensions International, Inc survey it was asked both CEOs and HR professionals how often CEOs are actively engaged in four distinct talent management activities. Though half of CEOs took credit for personally developing or mentoring other executives, ratings from both CEOs and HR were startlingly low in all other categories If talent management is a core part of any organization—if it can be hard-wired into the fabric and operations of an organization’s most essential functions—HR and senior leadership must work together. The most successful initiatives are driven by HR with active and enthusiastic support from the CEO and other senior leaders who provide the resources, the budget, the communication and support necessary for success. But HR needs to step up and play a critical role—more so than in the past.

COMPETENCIES AND MORE SHOULD BE USED AS THE BASIS FOR SUCCESSION MANAGEMENT
The power of competencies broadens when organizations use what we call “Success Profiles SM.” There are two reasons this approach is more effective than mere competency models. First and foremost, Success Profiles SM is designed to manage talent in relation to business objectives—they should reflect key plans and priorities as well as change with new strategies. Additionally: they go beyond just competencies to include four complementary components:
- **Competencies**: A cluster of related behaviours that is associated with success or failure in a job.
- **Personal Attributes**: Personal dispositions and motivations that relate to satisfaction, success, or failure in a job.
- **Knowledge**: Technical and/or professional information associated with successful performance of job activities.
- **Experience**: Educational and work achievements associated with successful performance of job activities.

TALENT MANAGEMENT IS NOT ONLY TOP MANAGEMENT
Many organizations equate the concept of talent management with senior leadership succession management. While succession planning is obviously important, but that talent management must encompass a far broader portion of the employee population. Value creation does not come from senior leadership alone. The ability of an organization to compete depends upon the performance of all its key talent, and its ability to develop and promote that talent. Many people know this as a Leadership PipelineSM. The Aberdeen Group19 found evidence to support the importance of a Leadership Pipeline approach in a 2008 report on succession management. They found the besting-class organizations they studied are 40 percent more likely than all other organizations to focus on developing a Leadership Pipeline across all levels of the organization.

POTENTIAL EMPLOYEES TO READY EMPLOYEES
Many organizations understand the idea of a high-potential pool or a group of people who receive more developmental attention. But sometimes, they fail to consider the differences between potential, performance and readiness. Taking a leader from potential to readiness is an equally long process. It takes, on average, 10 years for a high-potential leader to advance into a senior position and along the way, that individual needs mentoring, stretch assignments, personalized development plans, and development activities to build key skills. In short, it’s a lot of work. And it’s work, we’ve found, that organizations are not doing. The Global Leadership Forecast reports that only about half of the world’s organizations identify high potentials. Even fewer (39 percent) have programs to accelerate development. If organizations—like
athletics—don’t scout for talent and then prepare individuals for top performance, how can they expect to have a winning team in the future.

HIRING THE RIGHT PEOPLE IS BETTER THEN DEVELOPING

The late Douglas Bray, Ph.D., a revered thought leader in the field of industrial and organizational psychology, devoted much of his career to one of the most famous and respected studies ever done on talent management: The AT&T Management Progress Study: He said “If you have only one dollar to spend on either improving the way you develop people or improving your selection and hiring process, pick the latter.” Why should an organization place the higher priority on selection rather than development? Not everything can be developed. Many elements of Success Profiles are impossible, or at least very difficult, to develop. Training people to improve their judgment, learning agility, adaptability—all core requirements for most of the talent hired today—is difficult, if not impossible. Lack of motivation for a specific role or a poor fit between employees’ values and those of the organization leads to poor performance, and no classroom experience or learning activity will change this fundamental mismatch. But you can get a read on these areas during a well-designed hiring/promotion process. Hiring for the right skills is more efficient than developing those skills. What about the areas that are developable, like interpersonal skills, decision-making, or technical skills? Assessing those areas at the time of hire is likely to cost less than developing them later.

IMPLEMENTATION OF TALENT MANAGEMENT STRATEGY SHOULD BE STRONG

Five factors for sound execution needed for talent management are proper Communication Links the talent management initiative to the business drivers, puts forward a vision the organization can rally around, and sets expectations for what will happen in the organization. Accountability ie Role clarity so that each individual in the talent management initiative knows what is expected of them. Skill, developing the right skills and providing coaches and mentors for support. Alignment, talent management initiatives must be aligned to the business drivers but also need the right kinds of systems to identify high potentials, to diagnose for development, to link to performance management, and to do development that really changes behaviour and Measurement because you can’t manage what you don’t measure. It creates the tension, and objectives become clearer to help execute a talent strategy. The most effective measurements go beyond mere statistics to quantify what’s working in talent management.

OVER DEPENDENCY ON SOFTWARE TOOLS

Claiming a piece of software can provide a full talent management system is a bit like a food processor will produce a five-star meal. These tools are valuable in support of a good plan or recipe. The right tools clear the path for smoother execution and may improve the end product. But tools mean nothing without the right expertise and the right ingredients behind them. A recipe for five-star talent management includes a potent blend of content, expertise and technology. It takes best-in-class content to drive the assessment and development of people, and a system constructed by knowledgeable experts who have seen a range of implementations—they should know what works, and what doesn’t. Software should support the process, but it can’t stand alone.

CONCLUSION

Talent management has become a reality of corporate world and companies are striving to get themselves aligned with these practices. But there are many steps needed to be taken for the proper planning and implementation of the Talent management strategy. While many of these actions appear straightforward, putting them in place is not easy. As with any organization-wide initiative, there is a need for discipline, innovation, and sheer persistence to see lasting results. Organizations who are becoming successful in effective talent management practices have been at it for years, consistently demonstrating their commitment to developing great talent. And over time, this commitment has translated into a strong base of talent and a pipeline of leaders with a demonstrable impact on business results. Innovative ideas, strong execution, and a foundation of clear metrics can enable many more talent management professionals to create a talent mindset that will prepare their organizations to face the challenges ahead.

REFERENCES: