CHAPTER 1

THEORETICAL FRAMEWORK OF TALENT MANAGEMENT PRACTICES – AN OVERVIEW

1.1 INTRODUCTION

Human Resource Management, which is quintessential for the smooth contact of an organization, is defined as a process of dealing with the people in organizations towards achieving individuals and organizational goals. The functions of Human Resource Management comprise not only the process of hiring the right people for the organization but it also includes a strategic approach towards sustaining and developing them towards being competitive. Originally, Human Resource Management or Personnel Administration was considered only as an administrative matter of salaries and costs, and measurements were only employee turnover, absenteeism and similar measurements. However, in a current trend Human Resource Management is more prioritized towards building a company's competitive advantage through strategic use of cultural, structural and personnel techniques to develop competent and committed employees. The idea of emphasizing people as one the major aspects for organizational survival and prosperity created a need for a framework that can deal with this processes, which then led to the creation Talent Management.

Talent in general terms refers to the capabilities, skills or the art a person possess in a particular field. It also refers to those people who have high potential, scarce knowledge and skill or who can successfully bring about transformation and change in the organization. Such individuals are usually sought after in the market and their contributions to the business add direct value to its strategic or competitive positioning.
Coming to the word Talent Management in an organization, it refers to those special steps an organization adopts to recruit, develop and retain its pool of top talent. The steps adopted should normally be creative and should not project bureaucracy. Talent Management also denotes a deliberate approach taken up by an organization to attract, retain, motivate, and develop and succession plan for people with the aptitude and abilities to meet not only the current requirements but also future organizational needs.

In talent-hungry market scenario, one of the greatest challenges that organizations are facing is to successfully attract, assess, train and retain talented employees. Talent Management encompasses in itself the entire process of Planning, Recruiting, Developing, Managing, and Compensating employees throughout the organization. Organizations have realized the need for talent management and are now focusing on methods to develop and retain the existing talent in their organization rather than trying to acquire a new talent because the cost of identifying, developing and retaining the talent internally is more cost effective than that of replacing the talent, which is lost from external market. Though it may appear initially that in the process of retaining talent, we are spending more in terms of increased wages, rewards and recognition, when we practically analyze, the cost of acquiring a new talent is higher. Apart from higher cost of acquiring the new talent, it has furthermore faced the initial hiccups of a new employee getting along with the organizational goals and strategies.

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 Human Resource Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities. Talent Management is beneficial to both the organization and the
employees. The organization benefits from: Increased productivity and capability; a better linkage between individuals efforts and business goals; commitment of valued employees, reduced turnover, increased bench strength and a better fit between people's jobs and skills. Employees benefit from: Higher motivation and commitment; career development; increased knowledge about and contribution to company goals; sustained motivation and job satisfaction.

Talent signals an ability to learn and develop in the face of new challenges. Talent is about future potential rather than past record of accomplishment. So talent tends to be measured in terms of having certain attributes, such as a willingness to take risks and learning from mistakes, a reasonable level of ambition and competiveness and an awareness of their ones strengths, limitations and impact on others. Several talent management processes need to be in place on a strategic level in order ensure its success. Such processes/strategies include talent identification, recruitment and assessment, competency management, performance management, career development, compensation, succession planning.

‘Talent management has a number of benefits to offer such as employee engagement, retention, aligning to strategic goals in order to identify the future leadership of the organization, increased productivity, culture of excellence and much more. Organizations have long known that they must have the best talent in order to succeed in the hypercompetitive and increasingly complex global economy. Now, however, along with the understanding of the need to hire, develop, and retain talented people, there also is awareness that organizations must approach talent as a critical resource that must be managed in order to achieve the best possible results.
The important dimensions, which constitute the concept of talent management, are attraction, retention, motivation, development, and succession planning. But they are bundled together to produce a more coherent whole that can be a vehicle for the development and implementation of coordinated and mutually supporting activities that help the organization to get and to keep the talented people it needs. The idea of talent management is attractive for many reasons. Managers and HR professionals feel they should be doing more about developing their organization’s workforce for the future and talent management is assumed to be just about this. Talent management is about positive thing doing things for your people, investing in developing them, building on their potential and, therefore, helping people make the best use of their strengths and improve upon their weaknesses. The term talent management also has the potential to be applied both to meeting the needs of the organization and of the individual, which is in tune with the current sense of what Human Resource professionals should be trying to do.

Talent management starts with the business strategy and what it signifies in terms of the talented people required by the organization. Ultimately, its aim is to develop and maintain a talent pool consisting of skilled, engaged, and committed workforce. Organizational strength has been believed to be depended on the on the shoulder of its employees as they are recognized as the most important and valuable assets in organization. This could be due to the current trend on intangible assets such as brand names, innovation, creativity and entrepreneurship, the arena of today cater to company that can produce the potential of their key resources, as this will formulate them to be defined as outstanding. Concerns about locating, attracting, assessing and sustaining top talents in all markets have been increasing rapidly. To be successful it is not only important for the organization to find the right people on the right position but they should identify the superior performers for every position. Moreover, in reality it is argued that
the vision and strategy of a company are important as the people that eventually drive the company into the future. Every business unit is making sure that they can respond and withstand the challenges of talent crisis by developing an effective talent management strategy like identifying the key talented people in the organization, cultivating and developing the skill of their present workforce and retaining highly talented employees by protecting them from competitors.

1.2 THE EMERGENCE OF TALENT MANAGEMENT IN INDIA

Since 1997, when the U.S consultancy McKinsey exposed the ‘war for talent’ as a ‘critical driver of corporate performance’, Talent management has become an increasingly popular phrase. From the onset of the reforms, dramatic changes have taken place in India enterprise structure and management, including the decentralization of planning and decision-making processes, the introduction of responsibility systems enhancing individual accountability for performance, and the encouragement of private and foreign-invested enterprises. Allied with these changes, the Indian labour management system is currently also in a state of transition. At the same time, the HR function has also evolved, along with organizations in general. The changing political environment, reformed legal frameworks and economic pressure have continuously added new dimensions to HRM. Most recently, with the widely recognized importance of intangible resources in today’s knowledge economy, attention has focused upon a new concept, Talent management, also with respect to the HR function. In India, the exacerbating shortage of managerial talent and aggravating pressure of fierce competition has helped fuel an interest in Talent management. Talent management, at least as a newly emerging terminology, has become the latest trend within the field of people management in India as well as in the Western world, particularly in MNCs, which are well exposed to Western management ideology.
Money attracts but it does not retain. The job-hopping frenzy in the Indian workforce, particularly among ambitious, talented millennial is enough to prove that point. A recent Mercer survey backs it up to 54% of Indians are seriously considering leaving their current employer, and in the 16-24 year age bracket, that increases to 66%. Yes, two-thirds of your call center could potentially be gone by the end of the year. Some will no doubt be chasing a hike in salary, but as is the case elsewhere, when it comes to knowledge workers, more knowledge is also, what they are after. Perhaps it is not surprising then that career progression and training opportunities rank with pay as the top three factors motivating Indian employees to stay. And that means investments in talent management become a critical and strategic success factor in ensuring that Indian businesses can deliver. Salary increases are low-hanging fruit. Every employer can do that and there is no differentiation. However, well designed and implemented talent management strategies, including performance recognition, learning and development, career and succession management and appealing work environments, are stronger and enduring approaches.

Talent management in India should be seen for what it is a risk management strategy against the business impact of having inadequate or insufficient human resources to fulfils organizational objectives. If that is the case, both local Indian companies and multinationals operating in India have much work to do.

1.3 TALENT MANAGEMENT FOR THE NEW GENERATION

Most of the organizations do not feel much about managing their talent. Here is why they should typically, labor accounts for about 65 % of every business in any industry. The percentage is more for labor-intensive businesses for example those in manufacturing. The performance difference between talented and lesser talented
employees is huge. Employees and who manage are them the most important source of most organizational competencies and strengths.

Talent management is not only important for hiring people as per the need, it is also important for determining when to hire. In the traditional model of hiring supply meant developing people internally for future. There was an upfront investment in candidates recovered through an enhanced performance over time. This was a good perspective; there were equal chances of making and losing money by investing the people.

Hiring from outside or temporary employment on the other hand was seen as something that cannot fetch you substantial returns and or act as potential source of knowledge and competitive advantage. These trends lost sheen over a period with the rise of the great corporate career. Consider this - In 1950 to 1960’s an average Fortune 500 executive had been with his/her company for an average of 24 years. The traditional and lifetime model has been breaking up and giving way to a new model. Outside hiring increased along with the increased employee turnover.

The change was brought over by organizations failing to plan. Increased pressures from market for speed of delivery and variety of goods, the third wave of corporate restructuring and failure to keep up with new management practices brought chaos to planning. In a survey conducted in 2003 by SHRM it was found out that 60% of the firms have no succession planning of any kind. Surprisingly more than 70 % had it in that late 1970’s! IPMA-HR survey of the workforce as a whole in the year 2004 found out 63 % have no workforce planning of any kind; the same was an integral component of virtually all companies in 1950’s. A new trend had taken shape, shortage - go outside and hire!
On the employee side, the trend of lifetime employment has diminished now. Talking in terms of the percentage of lifetime employees - in 1980’s 53 % of employees worked as lifetime employees, the same decreased to 34 % in 2009. The questions that arises is how do we manage the next generation employees and what exactly do people expect from jobs. The new generation employees apparently do not believe in the old philosophy of ‘we will stick around till you need us’. They are more enterprising and will take risks in their career; they accept failures easily and are prepared for them. People now prefer flat hierarchies, build careers around jobs and want a clear performance management system. There are work-life balance concerns, issues of job flexibility all of which calls for renewing the social contract with the employees. The employees, their psyche, their beliefs and most important their attitudes are changing - talent management cannot afford to sit back. It needs evolution.

1.4 WHY TALENT MANAGEMENT?

Talent management is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees’ talents and skills drive their business success. Companies that have put into practice talent management have done so to solve an employee retention problem. The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing
information with other departments in order for employees to gain knowledge of the overall organizational objectives.

Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent, including the following sourcing, 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. Companies that engage in talent management are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization. Research done on the value of such systems implemented within companies consistently uncovers benefits in these critical economic areas: revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The mindset of this more personal human resources approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention. Since the initial hiring process is so expensive to a company, it is important to place the individual in a position where his skills are being extensively utilized.

The term "talent management" means different things to different organizations. To some it is about the management of high-worth individuals or "the talented" whilst to others it is about how talent is managed generally on the assumption that all people have talent, which should be identified and liberated. From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee’s potential, meaning an employee’s future performance, if given the proper development of skills and increased responsibility.
Distinctly called human capital management, employee relationship management and workforce management, among others, talent management is not a new concept, but one that in the past corporations have not been set to finalize. In most companies, functions such as recruitment and succession planning, learning and development, performance management, workforce planning, compensation and other HR or training functions have often been isolated in departmental silos. While important individually, these programs are usually a loose array of HR initiatives with little relation to each other. They have a little arrangement or alignment with the organization's vital few business goals and little real way of measuring their bottom line impact.

Organizations are now competing in two markets, one for their products and services and one for the talent required to produce or perform them. An organization’s success in its business markets is determined by its success in the talent market. At the very time that business markets are fluctuating, talent markets seem to be shrinking. As the knowledge required to build products and to deliver services increases, the retention of experienced employees becomes critical to improving productivity and time to market (Bill Curtis, 2009).

The dynamic nature of global business is putting an ever-increasing pressure on companies to be constantly on the lookout for incomparable talent in a market where demand far exceeds supply. Given the current focus on the linkage between talent and an organization’s business challenges and strategies, effective strategy execution requires sufficient numbers of the right people with the right skills and knowledge, in the right roles. Pressing business necessities, such as increasing turnover as the economy improves, globalization of markets and labor forces, aggressive competition and heightened corporate oversight, have intensified the need to acquire, develop, deploy, motivate and retain key talent. Getting the right people with the right skills into the right jobs is always
a challenge. The focus of talent management tends to be on management, executive positions and highly technical positions, the issues apply to all jobs that are hard to fill. This has made talent management one of the most pressing issues facing senior business executives. Linking of HRM with the strategic goals and business objectives, develop organizational culture that foster innovation and flexibility, finally getting the competitive advantage is what is organizations focused today by managing the talent.

1.5 PERSONNEL MANAGEMENT TO TALENT MANAGEMENT

To understand why Talent Management has become so important, we must first look at the evolution of corporate HR

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 HRM had a much larger role: recruiting the right people, training them, helping the business design job roles and organization structures, develop compensation packages which include benefits, bonuses and other benefits, and serving as a central point of communication for employee welfare, health and happiness.
The "Head of Personnel" became the "Head of HR" and played a much more important role in business strategy and execution of long-term strategies. This system built up procedures to support new role include recruiting and induction, total compensation systems, employee evaluation systems, and training and development 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**

While strategic HR continues to be a major focus, HR and TandD organizations are now focused on a new set of strategic issues:

- Make the recruiting process more efficient and effective by using "competency based" recruiting instead of sorting through resumes, one at a time.
- To develop managers and leaders reinforce culture, instill values, and create a sustainable leadership pipeline.
- Quickly identify the competency gaps in training, e learning, or development programs and use these gaps to hire just the right people.
- Manage people in a consistent and measurable way so that everyone aligned, held accountable, and paid fairly.
- Identify the high performers and successors to key positions throughout the organization to make sure performers are highly flexible, responsive organization.
- Provide learning programme that is relevant, flexible, convenient, and timely.
These new, more challenging problems require new processes and systems. Organization requires greater integration between the different HR practices 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.

1.6 CURRENT TRENDS IN TALENT MANAGEMENT

Talent management is now looked upon as a critical HR activity; the discipline is evolving every day. Let’s analyze some trends in the same.

1.6.1 Talent War

Finding and retaining the best talent is the most difficult aspect of HR management. HR survey consultancies are one in their view that organizations globally are facing a dearth of talented employees and it is often more difficult to retain them. Further, research has also shown that there is clear link between talent issues and overall productivity.

1.6.2 Technology and Talent Management

Technology is increasingly getting introduced into people development. Online employee portals have become common place in organizations to offer easy access to employees to various benefits and schemes. In addition, employees can also manage their careers through these portals and it also helps organizations understand their employees better.
1.6.3 Promoting Talent Internally

An individual is hired, when there is a fit between his abilities or skills and the requirements of the organization. The next step is enabling learning and development of the same so that he/she stays with the organization. This is employee retention. An enabled or empowered means an empowered organization. It is also of interest to organizations to know their skills inventories and then develop the right individual for succession planning internally.

1.6.4 Population Worries Globally

World populations are either young or aging. For example, statistics have it that by 2050, 60% of Europe's working population will be over 60! On the other hand a country like India can boast of a young population in the coming and present times. Population demographics are thus a disturbing factor for people managers. Still more researches have predicted that demographic changes in United States will lead to shortage of 10 million workers in the near future!

1.6.5 Talent Management to rescue HR

HR has been compelled to focus on qualitative aspects equally and even more than quantitative aspects like the head count etc. Through talent management, more effort is now being laid on designing and maintaining employee scorecards and employee surveys for ensuring that talent is nurtured and grown perpetually.

1.6.6 Increase in Employer of Choice Initiatives

An organization perceived value as an employer as helps improve its brand value in the eyes of its consumer. Most importantly, it helps in attracting the right talent.
1.7 TALENT MANAGEMENT - MEANING AND IMPORTANT CONCEPTS

Talent Management, as the name itself suggests is managing the ability, competency and power of employees within an organization. The concept is not restricted to recruiting the right candidate at the right time but it extends to exploring the hidden and unusual qualities of your employees, developing, and nurturing them to get the desired results. Hiring the best talent from the industry may be a big concern for the organizations today but retaining them and most importantly, transitioning them according to the culture of the organization and getting the best out of them is a much bigger concern.

Talent Management in organizations is not just limited to attracting the best people from the industry but it is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization’s requirements simultaneously. For instance, if an organization wants the best talent of its competitor to work with it, it needs to attract that person and offer him something that is far beyond his imagination to come and join and then stick to the organization. Only hiring him does not solve the purpose but getting the things done from him is the main task. Therefore, it can be said that talent management is a full-fledged process that not only controls the entry of an employee but also his or her exit.

To achieve success in business, the most important thing is to recognize the talent that can accompany you in achieving your goal. Attracting them to work for you and strategically fitting them at a right place in your organization is the next step. It must be remembered that placing a candidate at a wrong place could multiply your problems regardless of the qualifications, skills, abilities and competency of that person. However brilliant he or she may be; placing them at a wrong place defeats your sole purpose. The
process of talent management is incomplete if you are unable to fit the best talent of the industry at the place where he or she should be.

Some organizations may find the whole process very unethical especially who are at the giving end (who loses their high-worth employee). But in this cut-throat competition where survival is a big question mark, the whole concept sounds fair. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It will not be exaggerating saying talent management as a never-ending war for talent!

1.8 TALENT MANAGEMENT AS A PROFESSION

Creating a talent-rich workforce can make a great deal of difference in the world of business. Unleashing the talent, ability and aptitude of the human resources, undoubtedly, is one of the most difficult tasks in the world. If you are able to hire the best industry talent and balance the human intellect, this is, for sure, more than a miracle. To get going and winning the battle of competition, talent management professionals can be of great help to any organization.

These days when there is so much uncertainty in the business world, talent management professionals come as a rescue who handle your entire talent management lifecycle while unleashing and harnessing the gift and intellect of the employees. Talent management jobs, nowadays, are not restricted to just recruitment and selection. It means much more than that. However, it may be the beginning of one’s career. The core responsibilities of a talent management professional include sourcing, attracting, recruiting, selecting, and training, developing, deploying, evaluating, appraising and retaining the best talent.
Individuals who want to build their careers in this particular line of Human Resource Management must learn how to tap the diverse talent to meet the organization’s requirements. Their aim should not be limited to poach the high-worth individuals of their competitors but they should be able to deploy them properly and meet the challenges in today’s highly competitive marketplace. Simply hiring them does not solve the purpose.

Individuals may start their careers as a recruitment consultant. However, the profession may seem unattractive to them because of the current image of a recruitment professional in the industry. However, it is one of the most important stages in one’s career as the individual himself discovers and develops his own natural talent. This is the best time when he or she understands what it takes to source and attract the high-profile individuals. Blended learning and the knowledge of internet-based tools help them understand the tricks of the trade. By now they know how to leverage their own strengths and accordingly, they manage their professional development.

Next stage is to be a talent smart manager. This is when one increases one’s basic skills and builds a powerful social network aligns efforts to ensure a career fit. Understanding the industry trends, practicing mastery and mentoring juniors are the main responsibilities of a talent management professional at this stage. By this time, there are several career options available to the professionals. Now the individual can accelerate his or her learning by supporting talent mentors and developing plans and practices according to ever-changing industry trends. Understanding organizational trends, industry trends and the job trends and aligning them smartly to achieve the pre-decided goals. The talent management consultants help organizations create a high-performing work culture through their specialized services.
The next stage is to work as a trainer in organizations and provide coaching to the employees in order to help them understand their strengths and weaknesses and unleash their hidden potential. Breaking the ice and making employees think beyond their imagination is a challenging task. The main aim of the talent management professional is to successfully align the organizational goals and individual aspirations. Another lucrative field for individuals interested in this particular profession is to work as independent Talent Management Consultant. The professional helps the organization throughout the entire cycle of unleashing the natural gifts and talents of their people.

1.9 MYTHS ABOUT TALENT MANAGEMENT

Without doubt, talent management is a very useful concept for organizations but unfortunately, many of them look upon the concept as an overhead rather than a value creating process. This can be attributed to some flaws in the implementation and some myths among HR practitioners regarding the same.

**Myth 1** - Paying higher compared to rival firms will stop the employee from leaving: Offering more compensations than rivals or above industry standard will prevent employees from leaving and will also attract the best talent.

**Reality:** Paying higher than rival firms may help to a certain extent in retaining your employees. It may also help you poach certain employees from your rivals but in the long run, money fails to motivate people. Money is a hygiene factor; its absence may be a de-motivating factor but presence surely cannot be motivating for long.

**Myth 2** - Rewards and Incentives only motivate people: The second myth that we discuss here is that its rewards and incentives only that motivates people to give their
hundred percent and work more productively. Consequently, the rewards and incentives are at the focus of HR people.

**Reality:** It is the attributes and the culture of the organization that is most likely to motivate people to work better and be happy with their jobs. Leadership and job empowerment are other factors that contribute to that happiness of employees.

**Myth 3 - Employee engagement is useless:** In industries where the attrition rate is low there is a common feeling prevalent that employee engagement programs are of no benefit. Further, there is also a feeling that employee engagement helps only the employees and not the organization.

**Reality:** There is no direct connection between levels of attrition and employee engagement. Infact, employees who are engaged well are more productive and take ownership of their work. Since organizations about people, well engagement not only improves employee performance but also organizational or corporate performance. According to one recent research engaged employees perform 22 percent better, have lesser rates of absenteeism, and produce greater customer satisfactions.

**Myth 4 - Low Growth Periods do not require Employee Engagement:** Organizations typically believe that low growth is an industry wise phenomenon and does not demand employee engagement. Employees are naturally left with lesser options to switch jobs.

**Reality:** In absence of employee engagement the organizations stand at the risk of losing projects in hand. Continued absence of employee engagement may in fact demotivate an employee to contribute his best.
1.10 EVALUATING NEW STRATEGIC TALENT MANAGEMENT SOLUTIONS

To support this new, broader concept of talent management, with its explicit focus on enhancing business performance, a new generation of solutions is becoming available. These new solutions are built from a fundamentally different design point than the early generation solutions. While the early systems were focused largely on achieving more efficient HR processes, the new solutions add to that a focus on achieving business goals.

Strategic talent management selection criteria:

- Focus on business goals
- Empower business managers
- Comprehensive functionality
- Integration across functions
- Common data platform
- Single user interface
- Rapid deployment
- Built-in best practices
- Bottom of Form

In evaluating these new talent management solutions and assessing their potential impact on their companies, executives should consider how well the solution implements several design points.

1.10.1 Focus on business goals

An effective strategic talent management solution must be conceived of as a means to help achieve business goals. Though the solution should also improve efficiency, the overall objective is significantly broader. For example, a line of business manager with the task of increasing revenues without adding expensive field sales representatives may need
to build a telephone-based, inside sales team. This manager needs a talent management solution that can help achieve this business objective by improving the process of finding and hiring inside sales representatives, quickly training them, and appropriately compensating them.

*Elements of a comprehensive talent management solution:*

- Recruiting
- Performance management
- Salary and incentive management
- Succession planning
- Employee development and learning

**Multi-Function Strategic Talent Management Solution**
1.10.2 Empower business managers

To help achieve business goals, an effective strategic talent management solution must empower business managers. While a solution must meet the needs of HR specialists who use the solution frequently, it must also be accessible to business managers. The solution must accommodate the fact that most business managers may perform certain tasks infrequently, such as performance assessments or compensation reviews.

1.10.3 Comprehensive functionality

An effective solution must address the entire strategic talent management process, including recruiting, performance management, salary and incentive management, employee development and learning, and succession planning. To provide comprehensive functionality, solution providers may choose to supplement their own functionality with solutions from third party providers for certain specialized functions. These functions should, however, be tightly integrated within the overall solution.

1.10.4 Integration across functions

An effective talent management solution not only requires comprehensive functionality, but there must be tight integration across the functions. To achieve better business results, the talent management solution should link recruiting to performance in order to assess quality of the hires brought into the company. Links between the performance assessment and compensation management functions are essential to match pay to performance, and close connections among performance assessment, recruiting, employee development, and succession planning are required to ensure that the company has enough people with appropriate skills to meet its needs.
1.10.5 Common data platform

A common data platform should make all relevant data available to all talent management functions as needed. In this environment, for example, a manager developing an employee's career plan should have easy access to all relevant information on the employee's performance assessments and compensation history, descriptions on appropriate potential future positions and the compensation related to those positions. The manager should not need to retrieve the data from several disparate sources. The common platform should include data related to four areas:

- People data, which includes all information about individual employees and candidates, such as performance ratings, compensation history, skills, and previous work experience.

- Position data, which includes all information about each position in the organization, both current and projected, such as detailed descriptions, required competencies, and compensation.

- Corporate hierarchy, which includes all information on who reports to whom within the organization. This is necessary, for example, to provide appropriate access to data and to support automated workflow in the talent management process.

- Company goals, which include all information on corporate objectives, such as growth, profitability, and return on investment targets. Understanding these corporate goals are vital, for example, in developing appropriate performance measures, hiring best-qualified candidates, and implementing effective compensation plans.
1.10.6 Single user interface

The talent management solution should provide access to all functions via a single interface, designed specifically for each type of user. In order to derive value from the talent management solution, a business manager should not need to navigate multiple, inconsistent interfaces to perform a particular task.

1.10.7 Rapid deployment

To have a positive impact on business goals, it should be possible for an organization to rapidly deploy a strategic talent management solution and to upgrade its capabilities and content easily.

1.10.8 Best practices built into the solution

An effective talent management solution should incorporate best practices. It should build in both content and processes that guide the company toward better talent management. For example, the solution should include expert coaching to help managers successfully perform important tasks, such as specifying relevant goals, preparing clear position descriptions, accurately evaluating performance, and developing a meaningful career path for employees. This coaching is especially critical given increasingly scarce time and budget to train managers.

1.10.9 The advantages of an integrated approach to management of organizational talent

Talent management solution provides many advantages for an organization seeking to improve competitiveness through more strategically managed workforce:
- **Identify top performers** - by analyzing and understanding the characteristics of your top-performing employees, so it is easy to find and attract similar talent.

- **Improve decision-making** - by accessing real-time insight into the skill sets of existing talent, the status of available talent and the current and future needs of the organization, so more effective hiring decisions can be made.

- **Increase efficiency** - by streamlining management tasks and pooling data on people, profiles and positions within a single database.

- **Enhance performance** - support the strategic objectives of the organization by aligning the skills and assignments of your workforce with the needs of company.

### 1.11 TALENT MANAGEMENT - OPPORTUNITIES AND CHALLENGES

There is no dearth of professionals but there is an acute shortage of talented professionals globally. Every year B-Schools globally churn out management professionals in huge numbers but how many of are actually employable remains a question! This is true for other professions also.

The scenario is worse even in developing economies of South East Asia. Countries like the U.S and many European countries have their own set of problems. The problem is of aging populations resulting in talent gaps at the top. The developing countries of South East Asia are a young population but quality of education system as a whole breeds a lot of talent problems. They possess plenty of laborers - skilled and unskilled and a huge man force of educated unemployable professionals. These are the opportunities and challenges that the talent management in organizations has to face today - dealing with demographic talent problems.
Now if we discuss the problem in the global context, it is the demographics that needs to be taken care of primarily and when we discuss the same in a local context the problem becomes a bit simpler and easier to tackle. Nonetheless global or local at the grass roots level talent management has to address similar concerns more or less.

1.11.1 Opportunities and Challenges

1. Recruiting Talent

The recent economic downturn saw cuts job globally. Those who were most important to organizations in their understanding were retained, other were sacked. Similarly, huge shuffles happened at the top leadership positions. They were seen as crisis managers unlike those who were deemed responsible for throwing organizations into troubled waters. It is the jurisdiction of talent management to get such people on onboard, who are enterprising but ensure that an organization does not suffer for the same.

2. Training and Developing Talent

The downturn also opened the eyes of organizations to newer models of employment - part time or temporary workers. This is a new challenge to talent management, training and developing people who work on a contractual or project basis. What’s more big a challenge is increasing the stake of these people in their work.

3. Retaining Talent

While organizations focus on reducing employee overheads and sacking those who are unessential in the shorter run, it also spreads a wave of de motivation among those who are retained. An uncertainty about the firing axe looms in their mind. It is essential to maintain a psychological contract with employees those who have been fired as well as
those who have been retained. Investing on people development in crisis is the best thing an organization can do to retain its top talent.

4. **Developing Leadership Talent**

   Leadership in action means an ability to take out of crisis situation, extract certainty out of uncertainty, set goals and driving change to ensure that the momentum is not lost. Identifying people from within the organization who should be invested upon is a critical talent management challenge.

5. **Creating Talented Ethical Culture**

   Setting standards for ethical behavior, increasing transparency, reducing complexities and developing a culture of reward and appreciation are still more challenges and opportunities for talent management.
1.12 TALENT MANAGEMENT AND PERFORMANCE

Organizations provide individuals the opportunity and space for physically manifesting their talent into performance for achieving individual and organizational vision. Talent management manifests into performance as follows:

```
Talent management
  +
Vision / Mission / Strategy
  +
Skills and Competencies
  +
Role and structure
  +
Opportunity
  +
Encouragement and Recognition
  +
Training and Development
  +
Coaching
  +
Action Plan and Goals
  +
Resources
```

Thus the domain of talent management focuses not only on development of individual’s intrinsic capacities, but also on culture building and change management to provide the other elements listed above for manifestation of talent into performance.
1.13 IMPORTANCE OF TALENT MANAGEMENT:

Talent management brings together a number of important Human Resources (HR) and management initiatives. The TM approach focus as on co-ordinating and integrating:

- **Recruitment** - ensuring that the right people are attracted to the organization.
- **Retention** - developing and implementing practices that reward and support employees.
- **Employee development** - ensuring continuous informal and formal learning and development.
- **Leadership and "high potential employee" development** - specific development programs for existing and future leaders.
- **Performance management** - specific processes that nurture and support performance, including feedback/measurement.
- **Workforce planning** - planning for business and general changes, including the older workforce and current/future skills shortages.
- **Culture** - development of a positive, progressive and high performance "way of operating".

1.14 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. Talent management must have a true partnership between management and the departments.

Table 1.1:- Characteristics of HR and TM Process

<table>
<thead>
<tr>
<th></th>
<th>HR process</th>
<th>TM Process</th>
</tr>
</thead>
<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</td>
<td>Feature rich single function applications, designed for HR professionals</td>
<td>Comprehensive, configurable cross functional solutions designed for business managers</td>
</tr>
</tbody>
</table>

1.15 IMPLEMENTATION OF TALENT MANAGEMENT PRACTICES

Companies that engage in talent management (Human Capital Management) are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization. Research done on the value of such systems implemented within companies consistently uncovers benefits in these critical economic areas: revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization.
From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. The Talent Review meeting is an important part of the overall talent management process, it is designed to review the performance and career potential of employees, to discuss possible vacancy risks of current employees, to identify successors and top talent in the organization, and to create development action plans to prepare employees for future roles in the organization. This is what talent management is all about gathering information about talent, analyzing their career interests and organizational business needs, identifying top talent and successes, and developing these individuals to reduce the risk of losing the best people and experiencing extensive leadership gaps when turnover occurs.

Talent Management enables organizations to rapidly align, develop, motivate, and maintain a high-performance labor force. They also alleviate the hassle of writing performance reviews by automating the task and ensuring quality of reviews and reviewed on time. Organizations can establish and communicate critical corporate goals, measure performance improvement, and ensure that all levels of the organization are aligned to attain critical business objectives. The six dimensions of talent management are as shown in table below.
Table 1.2 Six Dimensions of Talent Management

<table>
<thead>
<tr>
<th>Talent management dimensions</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop strategy</td>
<td>Establishing the optimum long term strategy for attracting, developing, connecting and deploying the workforce</td>
</tr>
<tr>
<td>Attract and retain</td>
<td>Sourcing, recruiting and holding onto the appropriate skills and capitalizing, according to business needs</td>
</tr>
<tr>
<td>Motivate and develop</td>
<td>Verifying that people's capabilities are understood and developed to match business requirements, while also meeting people's needs for motivation, development and job satisfaction</td>
</tr>
<tr>
<td>Deploy and manage</td>
<td>Providing effective resource deployment, scheduling and work management that match skills and experience with organizational needs</td>
</tr>
<tr>
<td>Connect and enable</td>
<td>Identifying individuals with relevant skills, collaborating and sharing knowledge and working effectively in virtual settings</td>
</tr>
<tr>
<td>Transform and sustain</td>
<td>Achieving clear measurable and sustainable change within the organization, while maintaining day to day continuity of operations</td>
</tr>
</tbody>
</table>

1.16 FINANCIAL BENEFITS OF TALENT MANAGEMENT

There are pros and cons of every management philosophy and the associated processes. Talent management is no exception to it. While many organizations simply decline to have it under their umbrella because it costs the exchequer, still others approve of it equally strongly as an effective people management process. Before we discuss the financial benefits of talent management the following may be of our interest and worth a thought:

- Most of the organizations are short sighted, when it comes to people management.
- People management may not go well with pure capitalists.
- Organizations and industries are growing at a fast pace, faster than the rate at which talent is produced.
There is dearth of talented and skilled professionals at both the top as well as bottom.

Due to cutthroat competition and a consequent lack of talented professionals the attrition rates have increased across all industries, especially so in services industry.

Poaching has become commonplace; employee retention has become the Achilles heel of corporations.

All the above-mentioned statements clearly indicate that the talent is unable to keep pace with the growing industry and that the industry has failed to breed the pool of talented individuals as per its requirements. A fast industry growth meant that there would be a need for talented professionals for upcoming avenues and unfortunately corporate seemed to miss this. Business houses nowadays have diversified interests in different industries, employment opportunities are fast coming up but unfortunately the talent is pool is shrinking. This tells upon the finances of an organization in a big way.

The problem gets even worse when such a scenario occurs at the top level. An unoccupied executive position can cost an organization dearly. The solution - a proper talent management in place can solve this problem. The following facts become worth consideration here:

- New employees cost the company 30-60 % more than the existing employee in terms of compensation only.
- There is an additional cost incurred on training and developing the new individual.
- The process of recruitment itself costs an organization in a big way, right from advertising a post, to attracting talent and finally short listing and hiring someone for the job. Often there is a compromise in hiring when the need is urgent.
Organizations clearly need to look inside for solutions and design and develop better employee retention, rewards and recognition strategy. Performance management needs to be taken care of.

1.17 BENEFITS OF TALENT MANAGEMENT

Talent management can be a discipline as big as the HR function itself or a small bunch of initiatives aimed at people and organization development. Different organizations utilize talent management for their benefits. This is as per the size of the organization and their belief in the practice.

It could just include a simple interview of all employees conducted yearly, discussing their strengths and developmental needs. This could be utilized for mapping people against the future initiatives of the company and for succession planning. More benefits are wide ranged than the ones discussed above. The benefits are:

A) Right person in the Right job: Through a proper ascertainment of people skills and strengths, people decisions gain a strategic agenda. The skill or competency mapping allows you to take stock of skill inventories lying with the organization. This is especially important both from the perspective of the organization as well as the employee because the right person is deployed in the right position and employee productivity are increased. In addition, since there is a better alignment between an individual’s interests and his job profile, the job satisfaction is increased.

B) Retaining the top talent: Despite changes in the global economy, attrition remains a major concern of organizations. Retaining top talent is important to leadership and growth in the marketplace. Organizations that fail to retain their top talent are at the risk of losing out to competitors. The focus is now on charting employee retention
programs and strategies to recruit, develop, retain and engage quality people. Employee growth in a career has to be taken care of, while succession planning is being performed those who are on the radar need to be kept in loop so that they know their performance is being rewarded.

C) **Better Hiring:** The quality of an organization is the quality of workforce it possesses. The best way to have talent at the top is have talent at the bottom. No wonder then talent management programs and trainings, hiring assessments have become an integral aspect of HR processes nowadays. Understanding Employees Better: Employee assessments give deep insights to the management about their employees. Their development needs, career aspirations, strengths and weaknesses, abilities, likes and dislikes. It is easier therefore to determine what motivates whom and this helps a lot in the job enrichment process.

D) **Better professional development decisions:** When an organization gets to know who its high potential is, it becomes easier to invest in their professional development. Since development calls for investment decisions towards learning, training and development of the individual either for growth, succession planning, performance management etc, an organization remains bothered where to make this investment and talent management just make this easier for them.

Apart from this, having a strong talent management culture also determines how organization rates their organizations as work places. In addition, if employees are positive about the talent management practices of the organization, they are more likely to have confidence in the future of their organization. The result is a workforce that is more committed and engaged determined to outperform their competitors and ensure a leadership position in the market for their organization.
1.18 TALENT MANAGEMENT MODEL

The following talent management model can adapt to the automobile industries and the model created by the researcher based on the talent management dimensions and selected variables.

Figure 1.1 Talent Management Model
1.18.1 Selection of Variables

1.18.1.1 Recruitment and Selection

Recruitment is a positive process of finding and employing the human resource that can aid in achievement of business objective whereas selection is a part of the recruitment process deals with decision making on the applicants that shall join the organization. The first step in attracting candidates is to analyze recruitment strengths and weaknesses of the organization, is the business a winning employer, this analysis can be utilized in developing an employee value proposition and employer brand.

1.18.1.2 Induction

An induction programme is the process used within many businesses to welcome new employees to the company and prepare them for their new role. Induction first step towards gaining an employees’ commitment, it is aimed at introducing the job and organization to the recruit and him to the organization. It involves orientation and training of the employee in the organizational culture, and showing how the employee is interconnected to everyone else in the organization. An induction programme is an important process for bringing staff into an organization. It provides an introduction to the working environment and the set-up of the employee within the organization. The process will cover the employer and employee rights and the terms and conditions of employment. As a priority the induction programme must cover any legal and compliance requirements for working at the company and pay attention to the health and safety of the new employee.
1.18.1.3 Culture

Organizational culture is the workplace environment formulated from the interaction of the employees in the workplace. All of the life experiences, strengths, weaknesses, education, upbringing, and so forth of the employees define organizational culture. While executive leaders play a large role in defining organizational culture by their actions and leadership, all employees contribute to the organizational culture. Culture is the environment that surrounds you at work all of the time. Culture is a powerful element that shapes your work enjoyment, your work relationships, and your work processes. But, culture is something that you cannot actually see, except through its physical manifestations in your work place. In many ways, culture is like personality. In a person, the personality is made up of the values, beliefs, underlying assumptions, interests, experiences, upbringing, and habits that create a person’s behavior.

1.18.1.4 Leadership

The way you treat people is one of the most important factors in all the companies. The ability to keep the talent, organizations want and need to make your business successful. As a manager, as a leader, may be one of the most important talent retention tools that the company has. In addition, remember the key to retention success: People don’t leave corporations; they leave bosses. Some leaders are content to glance over an internal exit interview and conclude that the valued talent is walking out the door because other companies are offering better salaries or benefits packages or because someone else offered them a chance to advance or do something different.
1.18.1.5 Work Environment & Exit Interview

Many people leave jobs because of the way they perceive the working environment and their opportunities to do what they love to do in a way that allows them to be effective, efficient and successful. In fact, in many cases when people leave a job because of a mismatch with the job, the mismatch is perceived rather than actual. This perception points to either a poor hiring decision or a failure of management to provide people with the tools and the opportunities they need to do the job. Often people point to the immediate supervisor (boss) as the reason for leaving a job. This might be because the supervisor is not able to adequately communicate expectations or goals. It might be due to the supervisor’s management style. It is often because the individual believes the manager is not providing the equipment, materials, resources or opportunity to perform the job adequately.

1.18.1.6 Team Management

This involves working with others in a group towards a common goal. This requires cooperating with others, being responsive to others' ideas, taking a collaborative approach to learning, and taking a responsibility for developing and achieving group goals. Teamwork uses the background skills of collaboration, mentoring, decision making and delegation. Team management refers to techniques, processes and tools for organizing and coordinating a group of individuals working towards a common goal in a team.

1.18.1.7 Interpersonal Skills & Personal motivation

Interpersonal skills include not only how we communicate with others, but also our confidence and our ability to listen and understand. Problem solving, decision making and personal stress management are also considered interpersonal skills. People with strong
interpersonal skills are usually more successful in both their professional and personal lives. They are perceived as more calm, confident and charismatic - qualities that are often endearing or appealing to others. Being more aware of your interpersonal skills can help you improve and develop them. Interpersonal skills are sometimes also referred to as people skills or communication skills. Interpersonal skills are the skills a person uses to communicate and interact with others. They include persuasion, active listening, delegation, and leadership. The term "interpersonal skills" is used often in business contexts to refer to the measure of a person's ability to operate within business organizations through social communication and interactions. Interpersonal skills are how people relate to one another.

1.18.1.8 Training and Development

Training and development is the field, which is concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including human resource development, and learning and development. Training and development encompasses three main activities: training, education, and development. While talent development is reserved for the top management it is becoming increasingly clear that career development is necessary for the retention of any employee, no matter what their level in the company. Research has shown that some type of career path is necessary for job satisfaction and hence job retention. Perhaps organizations need to include this area in their overview of employee satisfaction.

1.18.1.9 Career Management

Career Management is the combination of structured planning and the active management choice of one's own professional career. The outcome of successful career management should include personal fulfillment, work/life balance, goal achievement and
financial security. Career management is the lifelong process of investing resources to achieve your career goals. Career management is not a singular event but a continuing process that is a necessity for adapting to the changing demands of the 21\textsuperscript{st} century economy.

1.18.1.10 Performance Appraisal

A performance appraisal is a method by which the job performance of an employee is evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations. Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows: The supervisors measure the pay of employees and compare it with targets and plans, the supervisor analyses the factors behind work performances of employees. The employers are in position to guide the employees for a better performance.

1.18.1.11 Reward

In a competitive business climate, more business owners are looking at improvements in quality while reducing costs. Meanwhile, a strong economy has resulted in a tight job market. So while small businesses need to get more from their employees, their employees are looking for more out of them. Employee reward and recognition programs are one method of motivating employees to change work habits and key behaviors to benefit a small business.
1.18.1.12 Focus on Policies and Procedures

Succession planning is being able to effectively and promptly re-fill a role, not replacing a certain person. Be sure all key positions are defined well, and then look to find the best person to fill the position. Do not look for someone who is just like, or a lot different than, the previous employee. Hiring of new employees must be in accordance with up-to-date personnel policies to ensure fair, equitable and legally compliant employment practices. The best succession planning results from a working partnership between management and employees to accurately define the employee’s role and current priorities, and the employee ensuring that management has the information and resources to refill the role.

1.18.1.13 Critical Role Identification

Organizations differ in size, scope and type, so it is difficult to stipulate what level of the organization critical roles should be identified. The aim of succession management in its basic form is to minimize the disruption and possible risks to organizational objectives caused by personal changes and periods of time a post may be left vacant during the post filling process.

1.19 CONCLUSION

Talent management is a new to the organizations. Most of the organization’s talent management practices are in very primary stages. Hence, rewards are not directly linked to the performance management system and talent management system. With the economic downturn, there are many challenges to be faced. The retention strategy is most challenged compared to the other strategies. Succession planning as a strategy has become almost a null concept as the company structures become flattening and the levels of hierarchy
become less. Linking performance to the reward system is also very limited. Therefore, organizations are compelled to reward in terms of intangible benefits rather than tangible benefits.

Failures in talent management are mainly due to the mismatch between the supplies and demand; not due to the failure in the concept. We need a new way of thinking about the talent management challenge. A new framework for talent management has to begin by being clear about the objectives. Talent management is not an end in itself. It is not about developing employees or creating succession plans. Nor is it about achieving specific benchmarks like a two percent turnover rate or five percent absenteeism, having the most educated workforce, or any other tactical outcome. The goal of talent management is the much more general, but the most important task of Talent Management is to help the organization to achieve its overall organizational goals and objectives at a minimum cost using the highest talented people.