CHAPTER THREE
TALENT MANAGEMENT

The term ‘Talent Management’ first emerged in 1990s to incorporate development in human resource management, which placed more emphasis on management of human resources or talent. The term was coined by David Watkins of Softscape, published in a article in 1998.(1) The connection between human resource development and organizational effectiveness has been established since 1970s. The issue of talent management with many companies put tremendous pressure on attracting employees, but devoted meager time in developing talent and retaining it. Talent management system needs to be worked into business strategy and implementing in daily processes throughout company as a whole.

Usually companies leave this task over human resource department to attract and retain employees and take the issue very lightly. In view of increasing importance of talent management, it has become necessary to give high priority for selection of appropriate persons for each task in the company and train them suitably about the task to be handled with great care and make constant efforts to enhance their capacity to maintain the quality and output at the requisite level. In most of the industrial units the task of talented persons has become most critical to substantiate the vision of the management through quality control.

One industry or business group has various divisions as per need and every division has specific specialized task to be handled by workers and unit manager is required to acclimatize the subordinates with the work culture and develop their skills. Each manager within company should openly share the information with the employees of other departments to gain knowledge of overall organizational objectives. Companies focusing on talent-integrated plans remain attentive over various steps of talent management, which is necessary for remaining in the competitive market.

(a) Sourcing, attracting, recruiting and on boarding qualified candidates with competitive backgrounds,
(b) Managing and defining competitive salaries associated with the quality, output, innovations in technological spheres.
(c) Providing training and development opportunities
(d) Introducing and adhering performance management processes,
(e) Remain cautious on retention of talent through various measures,
(f) Promotion and transitioning of the talent as reward for performance and proving their capability on challenging positions.

3.1 MEANING OF TALENT MANAGEMENT:

The assets of an organization can be divided into two parts i.e., its people and everything else. Usually the value of company is measured by its real estate, sales, inventories, supply chains, accounts receivable, brand recognition and many other pieces, when assembled create an organization’s physical and market presence. It may also be termed that a company consists of human beings, who use technology to improve the life of their fellow citizens. A dictionary definition of ‘talent’ is people, who possess special attitude or faculty. This definition possesses the whiff of creativity of thinking outside the box, of unique ability to solve a problem.

Present intensely competitive marketplace tolerates no automations or robotic time card punchers, who dutifully perform the same task year after year and hope to retire with gold watch. Large and small companies, mom-and-pop corner store and global level company are required to be nimble, creative and ready to abandon old reliable methods to face the challenges of new paradigms. The performance of task by rote inevitably leads to decline and irrelevance; talent infuses the human experience with dynamism and creativity.

In addition to tough competition, global economic crisis creates problem on functioning of various companies, where the organizations are gripped with internal and external challenges and existence of the companies remains quite critical and compelled to reduce its human resources to face the crisis or face the situation with the best practices with the help of talent have limited options. Survival of organizations in dwindling economic environment remains quite challenging, but the
organizations able to face the situation in effective manner, with swift management policies, are able to flourish their business in later duration.

Talent management has been acknowledged to be a critical success factor for organizations. Usually various expert institutions have addressed the theoretical concepts of the talent management, but there are various factors, which require application systems within organization to chalk out its own strategy to run the company effectively. These issues are associated with effective talent management practices and its impact on the employment relationship in terms of psychological contracts, commitments, turnover intention, differences between generations in terms of ideologies and innovative practices.

The experts visualize the talent management from the aspect to select the best persons and use the available talent in most effective manner and interpreted the terminology as per their own vision and perspectives as detailed below. Certainly these aspects help the management to understand the conceptual framework and interpret in their own manner, as the management is required to take long-term policy measures and also to carry out various short-term remedial measures to remove the problematic issues responsible for various constraints or likely to create problem, if corrective measures are not taken timely. (2)

3.1.1 Concerns of Talent Management:

Talent management concerns the additional management processes and opportunities; those are made available to employees in the organization, who are considered to be talented. This means systematically attracting, identifying, developing, engaging, retaining and deploying those individuals with high potentials, who are of particular value to the organization. This is the ability of the management or chief manager to select appropriate person for each problematic or innovative area and assess the capability of selected person to derive requisite results in desired manner. Wrong person can ruin total game plan.
3.1.2 Talent Segmentation:

Talent can be segmented either from the exclusive perspective focusing practices on any specific group in the organization such as high potentials in the sense of an elite sub-group of future leaders or an inclusive perspective recognizing and focusing practices on the talent of all employees in the organization. Such decisions become inevitable, where the organization has diversified activities and each department has to address the specific issues related to its own sphere. In addition, talent is not limited to top level dignitaries of the organization, but middle and subordinate persons may have solution to specific issue, which the top level executives are not in a position to accept.

3.1.3 Psychological Contract:

In the situations, where an employee believes to be obliged to perform or behaves in certain way and also believes that the organization has certain obligations at the specific employee, who starts to hold psychological contract. This represents an individual belief regarding the terms and conditions of a reciprocal exchange agreement between individual and the organization. The psychological contract consists of employee obligations, employer obligations and psychological contract evaluation. Such evaluation can be measured in terms of fulfillment or violation of the reciprocal obligations.

Psychological contract fulfillment is the degree, which a contract party is perceived as keeping its contract terms, whereas the psychological contract is violated, when the employee or employer perceives the other does not comply the promised obligations and consequently has negative emotions towards the other. The over-confidence of an employee regarding its own capability or the employer over-faith on the person may create very embarrassing situation and things are clear, when some opportunity arises to adjudge the capability. There is necessity to have direct contract with such employee to adjudge its capability to prove its worthiness.

3.1.4 Generation Gap and Talent Management:

In any organization, employees working for different durations, generation gap become an issue of ego among the employees about their capability and
capacity. Talent is an intellectual property of an individual, which always vary among the persons of same age group and qualifications. Similarly the elder staff possesses experience of working in same task for long duration and gained capability to derive requisite results. New person has advance knowledge of the specific subject and may prove worthy in terms of innovative technological inputs and quality. The management and senior executives must not be bias with pre-conceptual thinking and interact both to understand the vision and approach.

3.1.5 Organizational Commitment:
Organizational commitment describes the strength of an individual’s identification with and an attachment to an organization. It has been conceptualized as having three main dimensions: affective, continuance and normative. The effective commitment is the situation, where employee intends to transcribe the task into practice, while maintaining the quality and cost effectiveness. The continuance is reflected in the situation, where the employee is loyal to its work and honesty, but continuance is possible through similar reciprocation through encouragements and enhanced salary or promotion.

3.1.6 Turnover Intention:
Relationship between management and employee is of master and servant in real terms, where the top most dignitaries are subordinate to the organization owners. The terms in between the two remain coordinating or confrontation with mutual sides and management need to take care of the employees, who express their loyalty and remain honest in their work and behaviour. The management and employee remain well aware of the views of each other and decide their future course of action in response to the relationships. Employees take their decision to leave organization quite consciously and deliberately.

3.1.7 Talent Management and Accenture:
Talent management is the capability to create and continuously optimize the talent resources needed to execute business strategy, attracting and developing them, guiding their performance towards optimal productivity in the light of strategic goals and finding new sources of value in their performance through innovation and continuous improvement. Talent powerful organization is intended to truly compete to create accenture cells, which compels to do something more by adding people to fill in the gap.
The organization must be capable to multiply talent by recombining skills, knowledge and organizational processes, thereby increasing contribution of individuals, teams, work-groups and entire workforce to increase capability, learning, flexibility, innovation and performance, as such to create extra-ordinary value through people. Talent powered organizations can create sustainable long-term competitive advantage by multiplying talent and significantly more likely to achieve high performance. Alignment of people and performance to business strategy is improved, employees are more engaged and their productivity is increased. Core accenture offerings talent management is detailed below:

(a) Talent Strategy: Articulating strategic goals and defining talent needs, multi-polar world impacts, workforce strategies, segmentation etc.
(b) Talent Resourcing: Discovery and deploying talent sourcing, recruiting and workforce planning.
(c) Learning and Collaboration: Defining new ways of working and learning in a technology savvy, geographically dispersed, ever-changing world.
(d) Performance and Reward: Measuring and managing performance, aligning rewards with results- objectives, assessments, incentives and recognition.
(e) Work-force Solutions: Identifying organization’s most critical work forces and defining the capabilities required to increase engagement, productivity skills and retention.

Relationship in talent management and accenture is helpful in multiplying the organization performance reflected to added production and productivity and the organization can accentuate in befitted manner. Accenture offers solutions that build the components for talent multiplication. Above features have been incorporated in Figure 3.1 for visual approach.

3.1.8 Effect of Segmentation on Perceived Employment Relationships:

An organization can chose two talent management approaches in case of segmentation, viz., inclusive and exclusive. Inclusive approach focuses on talent management practices on specific group in the organization, for instance on high potentials, in the sense of elite sub-group of future leaders. The inclusive approach recognizes and focuses talent management practices on the talent of all employees in
the organization. An exclusive talent segmentation approach results in significant differences in the way, employees experience their employment relationships.

Psychological contract violation stands out, when an exclusive approach is being used in an organization. This means that employees experience more breech of promises made by the organization. Since the previous research has established a high correlation between breech of employer promises and behavioural aspects of employee performance, this is an important aspect to consider. Talents experience less psychological contract violation and non-talent experience more psychological contract violation. The differences in percentages between talents and others are smaller, when the segmentation approach is exclusive. (2)

These results show that organization should include the effect on employment relationship, while defining their segment approach. The segmentation approach may create high differences in the organization, which can result in frustration in other non-

Figure 3.1
Talent Management and Accenture
Included employees and they start thinking in opposite direction. Consequences of no segmentation and segmentation approach are given in Figure 3.2 and 3.3

3.2 PROCESSES OF TALENT MANAGEMENT

Talent management has become most important buzzwords in corporate sector, where human resource department has been recognized as separate entity. In addition training of the personnel recruited has become essential to acquaint the employees about the specific features of the task to be handled. In addition, the competitive market has necessitated the quality and cost aspects most requisite issues. Selection and training of personnel was earlier handled by personnel department, but organizations had realized the importance of human resource function has much larger role.

Recruitment of right persons, training, helping design job roles and organizational structure have become most critical factors for retention of the personnel. Necessity has arisen to develop total compensation package, which

![Figure 3.2](image_url)

**Figure 3.2**

Consequences of no segmentation (the inclusive strategy)
include Benefits, stock options and bonuses, as well as serving at central point of communication for employee’s health and happiness. Head of personnel has now become key functionary of human resource and has much important role in business strategy and execution. The system has been built to support new role including recruiting and applicants tracking, portals, total compensation system and learning management systems.
In this role, human resource department has become more than a business function, rather business partner reaching out to support lines of business. Evolution of the Human Resources Function is given in Figure 3.4, which is evident that talent management has emerged into new era of business management, where human resource and leadership development organizations are on new set of strategic issues, which have intensive approach in following issues:

(a) To make recruitment process more efficient and more effective by using competency-based recruitment rather than sorting through resumes or one at a time approach.

(b) Develop managers and leaders to reinforce culture, instill values and create sustainable leadership pipeline.

(c) Quickly identify competency gaps to deliver training, e-learning or development programmes to fill identified gaps, through most appropriate persons.

(d) Measure people in consistent and measurable way, where everyone is aligned, help accountable for lapses and paid fairly.

(e) To identify high performers and successors to key positions throughout the organization to make highly flexible and responsive organization.

(f) To assess that learning provided to functionaries is relevant, flexible, convenient and timely.

These new and more challenging problems require new processes and systems. There is immense need for higher integration between different human resource silos and direct integration into line of business management processes. Organizations have started to buy, build and stitch together performance management systems, succession planning systems and competency management systems. The human resource function has become integrated with the business in a real-time fashion. In this type of business process, no organization intends to lag behind, which may lead to be failure of the business group.

Process of talent management has been depicted in Figure 3.5, where total cycle is inter-connected with each other with the objective to implement business
plan into performance management. Starting from workforce planning and concludes on critical skills and gap analysis, as detailed below:

**Figure 3.5**

**Talent Management: A Process**

(a) **Workforce Planning:** This is integrated with business plan and this process establishes workforce plans, hiring plans, compensation budgets and hiring targets for total year duration.

(b) **Recruiting:** This is integrated process of recruitment assessment, evaluation and hiring the business brings people into the organization.

(c) **Onboarding:** The organization must train and enable employees to become productive and integrated into the company more quickly, as long time need not be encouraged.

(d) **Performance Management:** This can be achieved with the help of business plan, where the organization establishes its own processes to measure and manage employees. This is a complex process in itself require careful handling.

(e) **Training and Performance Support:** This is most important and critical function, which envisages providing, learning and development programme
to all levels of the organization. Training and performance support is required to be separate to different functionaries keeping in view their tasks and expectations of the organization from functionaries at different levels and required to evolve continuous support function.

(f) Succession Planning: There is continuous need to move personnel into new positions to evolve changes in the organizational system. Succession planning enables managers and individuals to identify right candidate for any position. This function need to be aligned with the business plan to understand and meet requirements for key positions on three to five yearly basis. Such process is deemed necessary for managers and executives, but application to all the functionary of business is also essential.

(g) Compensation and Benefits: This is an integral part of human resource management, where organization is required to tie compensation plan directly associated with performance management. The compensation, incentives and benefits align with business goals and execution is necessary.

(h) Critical Skills Gap Analysis: Such functions are generally over-looked in various industries and organizations, but such analysis is necessary to identify the skill gaps for making the performance more elaborative and taking early measures after identification of requisite gaps. Positions likely to be vacant through retirement, attrition needs to be suitably addressed at the earliest.

In the centre of total process, there is immense need to identify job roles, description, competency and learning, where no ambiguity is left behind. Adjudging the performance is possible, when the roles and descriptions are fully defined with daily, monthly or annual performance indicators to be complied with. Such indicators serve as yardstick before the personnel of each categories and base for additional benefits. The top-level executive has to take decision to quantify the performance indicators, as a line to decide as eligibility for benefits or promotion.

The success of the company remains on maintaining transparency in performance indicators and to leave it open to all the functionaries of same discipline. The criteria for promotion need to be maintained on the basis of
performance in specific area, where discrimination in any form should not be encouraged. The incompetent or under-competent person cannot be better leader and posing such person by suppressing the interest can ruin the human resource management. Talented person can handle all the problems effectively and explicitly. In addition, such person needs to be preserved and protected for remaining with the organization. (3)

3.3 TALENT MANAGEMENT STRATEGY:

Talent management is natural evolution of human resource and also series of business process. It is neither product nor solution to be procured and inserted into business system. Organizations are focused on different elements, driven by their maturity and urgent business problem being handled by different organizations. Few mature organizations handle their inherent problems cautiously and effectively; other few focus on several key elements and develop their own integrated approach, while understanding their problems. Talent management is forward looking function, where it improves with flexibility and performance.

Talent management requires integration and communication between human resource and leadership development functions. In this situation, training cannot be left on island and leadership development organization must align with performance management and recruitment process more closely. Training programmes need to be developed and updated continuously addressing new problems faced by organization. New recruits for certain competencies need to be offered training with complement and reinforce these competencies. Compensation programme need to be tied with performance management process.

Competency management is most critical component of training and human resource development. Leadership development, recruitment and succession planning share Job description, roles and competencies used for performance management. There are various techniques for effective use of competencies and many are described as performance management system. A simple best practice is to develop small set of consistent, easy to understand and easy to be adopted in the
organization. The personnel undergoing training need to understand their roles and responsibilities in easy and accessible manner.

Easiest mode developed in the present is the software solution, but need to be applied by understanding requirement of the organization and make corrections and revisions as per requirement of the organization. Such software packages can be taken as base to develop its own strategy keeping in view of specific requirements of individual organization, as vendors are also not perfect to put appropriate solution to the specific requirements of the organization, which may be most crucial for adoption as part of training and performance indicators of specific group of personnel.

3.3.1 Performance Management:

Performance management is ongoing communication process undertaken in partnership between an employee and immediate supervisor, which involves establishing clear expectations and understanding about job functions, employees contributions to goals of organization, where job means in concrete terms in between employee and supervisor working together to sustain and build on existing performance. Performance management is strategic, linking organizational objectives to individual performance and development. Initial stage in developing performance management system is to identify missions and strategic goals with following stages:

(a) Formulate goals at departmental level with their integration at strategic levels.
(b) Managers and employees meet to agree on individual goals aligned with departmental and strategic goals
(c) Identification of individual requirement is to prepare personal development plan.
(d) Put the planning stage into practice
(e) Continue monitoring and feedback of identified goals and achieved by an individual
(f) Formal and review feedback, identifying the reasons of shortfalls and efficiency above the identified level.
(g) Rating of individual performance comparing with previous stage and reasons for deviations on both sides.

In increasing competitive environment, performance of employees is widely recognized as leading influence on organizational effectiveness. Increasing recognition has been reflected in gradual development of performance management. Contemporary performance features wide range of models, tools and strategies, which enables setting up of objectives and measuring of outcomes. Information gathered on individuals from themselves, their customers, peers, subordinates normally by means of anonymous questionnaires usually address competencies.

Use of balanced scorecard is also typical in performance oriented organizations, where organization’s strategic objectives are translated into a set of performance indicators. Organizational performance is measured in four key areas, viz., financial, customer, internal business process and learning and growth, which are assigned quantitative measures to analyze the information across the organization. A notable trend has been widespread implementation of competency based performance, which seeks to reward people for achieved results.

Competence describes behaviour of employee completing his role as well as demonstrable activities that make the employee valuable to overall success of organization. It is expected from the organization to recognize competencies that fit its culture, context and performance requirements. Given the recent advances in technologies, performance appraisal and management systems are widely available online. Automating the process of performance appraisal and adding collaborative, online capabilities, productivity should improve and employees need to be empowered by taking active role in developing their career.

Employees and supervisors are able to create documents and gather comments and approval from managers and incharge of human resources division. Ideally, performance appraisal software streamlines the evaluation process, reduces paperwork and encourages objectivity and organizations need to tailor online systems to meet their own needs. Applying any tools, approach is expected to carry
out business, where performance management processes are part of holistic approach to managing for performance, which is concern of everyone in the organization.

In implementing performance management tools the organization needs to consider its culture, structure, technology and people involved to ensure the best fit has been achieved. Best practices can be developed, but stating their research identified number of qualities that represent good practices among the organization. Following specific issues are helpful in identifying performance related aspects in the organization.

(a) Clear understanding of aims, e.g., enhancing performance, improving customer services, changing culture, providing support for individuals;
(b) Principles i.e., focus on changing behaviour rather than paperwork, being driven by corporate purpose and values, developing a management tool to help managers to undertake their responsibilities in realistic manner,
(c) Develop the process through maximum involvement of staff, recognizing diversity, using line managers to facilitate implementation,
(d) Evaluation: the widespread use of attitude surveys and focus groups,
(e) Clarity in objectives without being stringent in laying down specific features of the tasks in management and such objects are to be associated with performance indicators,
(f) Competence: need to develop organizational role for identifying the level of competency as performance benchmark.

3.3.2 Organizational Design and Structure:

Organizational design is defined as process of managing the organizational structure, having important implications for competitiveness and survival of the organization. The structure of the organization is not a tool for managing the workforce, but also a means of communicating priorities and responsibilities enabling management to focus employees and stakeholders attention on particular aspects of the business. Organizational design need to support strategy implementation, facilitate flow of work, permit effective managerial control and create reasonable and measurable jobs.
In determining the design of organization, management team needs to consider competencies, seeking to exploit competitive advantage while achieving a balanced trade-off between cost, control and access to markets. Managers are required to diagnose organization situation and implement most appropriate design. Need for potentially changing the organizational structure and considering the organizational design as partly driven by the desire for greater financial security, technological innovation, globalization and pronounced customer volatility along with the current shift towards softer core competencies such as speed in the market, reputation and services, which reflect the emergence of knowledge based economy.

The existing structure of organization impedes its ability to implement new strategies or disrupt workflow of business processes, than restructuring can be considered. In earlier times, the organizational design was initially based on the principles of scientific management, where organizations mechanistic and heavily centralized, with tall hierarchies and narrowly defined tasks. Before three decades, it was deemed proper to decentralize structure with more organic, holstered innovations and added customer services.

More recent research has focused on design of organization to improve effectiveness in terms of strategy, size and innovations. Features of movement towards decentralization have included flattening of organization, downsizing, re-engineering of business process, sub-contracting outsourcing, multi-functional project teams, empowerment of employees, increasing workforce flexibility, expanding externalized workforce and development of multipurpose information systems. Results of these trends are increasingly flexible and firms, which are able to respond rapidly to changes in competitive environment, wider distribution of expertise within the organization.

This has further necessitated a shift towards collective entrepreneurship and social creatibility, where self-management is fostered. Increasing popularity of decentralization has been recognized in forecast of key strategies and supported by self-management paradigm. In determining organizational design, three frameworks
have been identified, which provide decision rules that enable organization to assess the trade-off between disparate corporate objectives:

(a) Adaptation of the balanced scorecard, which assesses the trade-offs associated with centralizing or decentralizing functions;
(b) Tests for design alternatives, which examines the prospective outcomes of the organizational design; and
(c) Natural business units, where companies identify business units with distinct core competencies and markets as well as target for decentralization.

Instead of operating under one extreme or another, most companies maintain hybrid structures, relying on shared services to exploit economies of scale, while allowing customer facing entrepreneurial functions to be decentralized. Companies, which decide to alter their structure in search of operational effectiveness, it is likely to face a period of upheaval and employees dissatisfaction. Most common changes of such type were related to merger and acquisition, takeovers, bankruptcy or relocation of business. It is pertinent that restructuring and downsizing cannot achieve desired results and organizations through this process can survive with well thought system of causes and consequences.

There is no universal way to design an organization, the structure flow from missions and strategies of organizations itself, with each organization adapting its structure, systems, skills and style to its specific circumstances, but the design of an organization centred around its need can survive and prosper. The basic proposition is that greater uncertainty leads to strategic processing by decision makers to come out of ambiguity. Thus, variations in organizational form are strategic issues vary according to work culture and objectives, where it is envisaged to consider:

(a) Increase their ability to pre-plan
(b) Increase their flexibility to adapt their inability to pre-plan, and
(c) Decrease the level of performance required for continual viability.

The problem of organizational design occurs, when there are many employees in a number of specialist groups, which need to be integrated around completion of global task. The organizational needs to create a mechanism that
permits coordinated action across a number of independent roles, while increasing the information processing capabilities. This task is quite critical, but can be achieved through well-set coordinated rules and programmes, hierarchy and well-set goals and targets. It is deemed necessary to involve employers and employees to have amicable approach to design the changed pattern.

3.3.3 Culture:

Corporate culture are far ranging and numerous, which are broadly termed as beliefs, values and behavioural patterns that characterize an organization. Some core aspects of culture include contact and context, cultural manifestations, interpretation of meaning and patterns of interpretation. Interest of corporate culture is driven by increased competition and acknowledgements that scientific and rational explanations of organizations are insufficient. Importance of culture has been recognized for suggesting strong corporate culture to foster high performance.

Corporate culture includes ideological relations impacted on work performance, influenced to improve the performance of organization. Culture reflects common values, shapes employee behaviour and affects to attain identified goals. It is effective to align vision, mission, strategies, goals and external environment of the organization. There are number of considerations for companies seeking to create a culture comprising of:

(a) Discover and articulate distinctive ideologies,
(b) Recruit like-minded personnel,
(c) Device and use cultural forms,
(d) Specialize and instill and sustain ideologies,
(e) Structure to influence sub-cultural formation,
(f) Remain flexible enough to adapt,
(g) Support innovative leadership, and
(h) Go gracefully

The culture tended to be centred on belief that strong corporate culture creates enhanced business performance and institutional practices can produce best results, while others undermine ability of organization to adapt requisite changes in
successful manner. It is observed that contextual and strategically appropriate culture, which fit in the organizational strategy and business context, need to facilitate adoption of strategies that respond to changing markets. It is also envisaged that effective leadership is necessary to bring the desired results, as disguised approach is not advisable in corporate culture.

3.3.4 Training, Learning and Development:

Proliferation of job websites and low unemployment levels have compelled employers to find new ways of retaining their staff, employee training and development is widely thought to be an important means of attracting and holding on staff. Performance of best companies is evident that most of employees have commitment to do their best to address their intellectual needs. The employees are recognizing their responsibility to develop their skills and respond to employer retention measures. Traditional trainings have been superceded by multi-faceted, multi-sourced and customized development with forward-looking appraisals.

Many corporates have developed and implemented their individual development plans, which enable very specific training plans for each employee, often as part of team goals and activities. Impacts of these training programmes have been found to be very high and employees have responded through increased production and productivity, witnessing loyalty to the work and company. Further trend is on-the-job competency development, which is cost efficient and direct applicable means of training staff while working continuously.

Virtually, all descriptions of high performing management practices emphasize training, suggesting as essential component of high performance work system, when the systems rely on the skills of front line employees. Usually training is treated as expenditure like salary or wages and treated as the decreased amount from net income or profits of the company. Contrary to this approach, most companies have realized the importance of training as increased potential of workers, resulted into more income and profit. This fact has been well recognized to be beneficial to employer and employee in following manner:
Benefits to Employer include | Benefits to Employee include
--- | ---
1. Cost savings: higher retention results in a decreased need for recruitment | 1. Performing meaningful work and possessing marketable skills.
2. Greater depth of experience, and | 2. Increased mobility in the company, and
3. Better return on investment of education and training programmes as employees possess a clear understanding of their learning needs | 3. Better prepared to seize new opportunities

In the field of training, prototype system has been substituted by classic techniques of training needs analysis. While analyzing development needs effectively, the employers ensure informed decisions for resource allocation and performance of individuals to improve for overall gain to organization performance. One approach to analysis of development needs is investors in people, which seeks to analyze training and development needs at all levels, i.e., organizational, group and individual. The approach focuses on developing a framework to enable training and development activities to be tied directly with business objectives.

The balanced scorecard approach focuses on four key indicators viz., financial, customer, internal business process, learning and growth, of which latter is concerned with development needs and divided into three categories i.e., employee capabilities, information system capabilities, motivation, empowerment and alignment. Benchmarking enables to determine relative position in other organizations and gain new ideas. Some organizations focus on competencies, which enable assessment of individual contribution. Assessment of returns from training has been made into following factors:

(a) Returns from training investment are nearly positive and can be very high, depending on the nature of training and its relevance to business needs of the organization.

(b) Returns accrue in many forms, not just labour productivity and profitability, but also value addition activities, which may arise as a result of greater skills
of employees, increased flexibility, reduced overheads and greater potential to innovate.

(c) Immediate returns from training are highest, when it is highly focused on clear business problems.

(d) Measuring returns is not always easy and may be achieved through productivity studies or cost benefit analysis.

(e) Training acts as mechanism for various changes in organization and does not act alone to improve performance but allows organization to introduce identified changes successfully.

(f) Return from training can be enhanced by human resource policies that encourage employees to remain with the organization after skill improvement.

3.3.5 Leadership:

Traditionally, leadership has its root in the military and in corporate field successful leaders need to forge their way along very different lines. In the contemporary competitive environment, organizations are increasingly decentralized and flexible, the leadership is no longer the authoritarian, once it was. The organizational structure is increasingly decentralized, where decisions are made at the lowest levels, resulting in the traditional hierarchy being turned upside down. Following organizational characteristics have been identified to operate leadership:

(a) Alignment: Organizations are increasingly focused on a sense of shared objectives and goals.

(b) Empowerment: Employees increasingly believe that they can make a difference in the organization.

(c) Learning Culture: In the new learning and inquiry-based organizations, ideas must flow unhampered.

Approach of leadership in business concerns relates to change and features transactional and transformational leadership. Transactional leadership motivates followers by clarifying their roles, meeting their social needs and providing them with appropriate rewards. The transformational leadership focuses on vision of organization and values as a means of motivating staff and encouraging them to fork
for the best interest of the organization. Leadership becomes more effective by encouraging subordinates to take appropriate decisions.

Leadership approach is shifting significantly from hard issues to softer issues encouraging leaders to encourage and empower subordinates to remain open-minded, relax, control, learn from mistakes and intuitive. It is also fact that talented ideas are not limited to top level business owners, high executives and managers, but the issue is related with the intellectual property, which can rest with any subordinate and benefit the organization to great extent. Encouraging subordinates is one of the essential features of the successful and result-oriented approach.

3.3.6 Human Resource Metrics:

Metric is accountability tool that enables to produce results while facilitating competitive human resource department in building business and economic conditions of work. The metrics include measurements of quality, quantity, time, money, satisfaction and benchmark comparison that are measured through return on investment, which enables human resource department to define as business partner and place it on path of continuous improvement. The escalating interest in human resource metrics have vitally developed as a result of companies becoming increasingly cost conscious, particularly of staff functions.

Some organizations information required gauging human resource impact on the bottom line and decision-making models. The human resource has evolved from support function to strategic business partner. In this new role, investment in human resource is measured in comparison to investment, finance, marketing etc. The human resource function is also experiencing increasing business pressure to achieve cost containment, place greater emphasis on employee’s well-being and use employee as a source of competitive advantage. It suggests that function must develop a comprehensive range of strategic business objectives and translate them into a set of workforce related implications to be managed.

If human resource is unable to quantify its contribution on the bottom line, it need to be viewed by a remainder of organization as an overhead, implying that it
utilizes resources rather than adding value. If human resource function succeeds in implementing effective metrics, human resource professionals become result-orient leaders moving away from creating programme to creating deliverables. In the corporate sector, employees are most creating component of business and measure source to turning business prospects, if handled perfectly. Other reasons for quantifying human resource impact on the organization includes:

(a) Labour costs are frequently most controllable cost of the organization.
(b) Managers also recognize that employees make a difference between success and failure of organization.
(c) Measuring and benchmarking human resource activities result in continuous improvements.
(d) Audits bring human resource function closer to line functions of the organization

One of the human resource metrics relates to balanced scorecard, which highlights measures for driving performance. The metrics used by human resource need to convey organization’s values, priorities and standard framework to be based on centric vision and key objectives should invariably include:

(a) Create a centralized metrics group, where employees are assigned centres of expertise, where they alone are responsible for measuring human resource effectiveness and strategic compliance.
(b) Create an alignment between human resources and the overall corporate strategy.
(c) Align human resource strategy with the corporate defined goals.

In developing human resource metrics, the organization must ensure that they are tied into key goals and development initiatives and focus on the external implications of internal operations. There is need to define value in human capital in production or financial terms continuously track the metrics and adopt standard reporting structure to ensure transparency of metrics. Financial implications of human resources have widespread impact linked with business element, which display considerable variability or seek to focus on key issue or problem.
3.3.7 Human Resource Strategy and Policy:

Human resources of any organization have changed from supportive administrative function to consultative strategic business partner, which have significant implications on strategies and policies. Human resources are now operating in leadership position and largely influenced by escalating importance of knowledge and its distribution through the management of human capital, viewed by many organizations in similar realm to finance and technology, as a source of competitive advantage. In order to capitalize on competitive advantage, human resource must be able to scan and respond to business environment with excellent knowledge of employee needs.

It is widely acknowledged that in more than half of the organizations, human resource managers are involved in the development of corporate strategy from outset, while they are consulted in one-third of organizations. In order to human resources to become true strategic business partner, human resource initiatives need to be aligned with overall business objectives and strategy. In turbulent business environment, business objectives are ever-changing and human resource function attempting to aim for moving target and having a balance of multitude of roles, including business partner, internal consultant, operational and administrative expert and employer’s advocate.

The transformation has been further complicated by disregard for strategy by many organizations in recent years. In the face of turbulent change, organizations have turned away from premise that a strategy is necessary to succeed and have instead focused on competitiveness and rapid response. Despite these complications, future is bleak for human resource function, unless it is able to become strategic, becoming an enabling factor in the delivery of general business strategy. The strategic change in the role of human resource in business needs cautious approach.

Human resource functions seeking to become strategic, identifies two normative models and one of which is the ‘best fit’ school, which argues that human resource strategy to become more effective, when it is appropriately integrated with its specific organizational and environmental context. The second universal model
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recommends the use of best practices in the management of employees. In both the models, there are compelling needs of casual link between management of employees and performance of the organization. For successful role, it is necessary to ensure following strategic functions:

(a) Mission definition: role and purpose.
(b) Business alignment: alignment with overall business strategy.
(c) Functional expertise: strength of human resources.
(d) Role clarity and customer service: response of various stakeholders about human resource department.
(e) Clever structure and smart processes: design of human resource and its surrounding organizational structure.
(f) Adequate resources: required for the success of the business.
(g) Internal marketing: define and promote role of human resources.
(h) Human resource metrics: measures for assessment of the contribution of human resources,
(i) Personal impact: assessment of competencies of human resource professional to meet needs of business.

Aims of human resource function need to include the conditions necessary to become partner in execution of business become an expert in execution of strategy of business, becoming a champion for all the employees in the organization and become an agent of continual change. Human resource management becomes critical in effectiveness of organization in taking strategic role. It must concern with strategic choices associated with use of labour in organization. Human resource strategy of an organization suggests that human resource director should concentrate on:

(a) Assessment of strategic choices in human resource management, which are critical in the performance of the firm.
(b) Mode of determining choices by different stakeholders in the firm and expect to be materialized through human resources.
(c) Measures required for human resource management to become effective tool of the firm.
In order to excel in the new strategic role, human resource professional need also consider their own competencies to ensure that they are able to deliver required services to the firm. Role of human resource from servant to business partner is quite challenging in the environment, where business strategies continuously change in view of market conditions and expectations from human resources are maximum. The expectations from human resources are many, which need to meet the challenges comprising of:

(a) Business knowledge: strategic, technological and financial.
(b) Change management capabilities: innovation, problem solving attitude and commitment to work.
(c) Knowledge of procedural human resource practices such as remuneration, rewards, appraisals etc.
(d) Knowledge of strategic human resource practices: organizational design, role design, reporting system design etc.

3.3.8 Human Resource Function:

Traditional human resource function was merely support service and programme delivery mechanism supplying to the rest of the organization. In the present context, the human resource function has moved away from that focus, becoming altogether more involved with successful human resource executives expanding their responsibilities to participate in executive committee meeting of organization. The change in focus is broad, away from an administrative, facilitative, consultative, developmental role as strategic business partner.

It is also pertinent that business companies cannot operate effectively under a common set of human resource programme and need to evolve its own strategy to influence growing scarcity of skilled workers, particularly knowledge workers, which have changed employer/employee relationship, resulting in human resource seeking ways to make organization appear attractive to potential employees and finding means of retaining them, once they are employed. Impact of new technologies has resulted in fundamental business changes.
Human resources function tend to be centralized unit, encompassing specialist areas such as compensation, benefits etc. Responsibility of human resource representatives was to inform managers about policies and programmes for handling employee relations and hence serving as conduit to human resource and line management. This was subsequently gradual realization that different business needed different programmes and benefits, which led to decentralization to human resource structure with following three commands:

(a) Shared human resource services for administrative and transactional functions.

(b) Centres of excellence: centralized units responsible for programme development and consulting to business in highly specialized areas.

(c) Decentralized human resource business partners to undertake responsibility to understand business issues and act as member of business team, identifying human resource implications and coordinating assistance from centres of excellence.

It is generally accepted fact that human resource is moving away from the transactional, paper PUSHING, hiring and firing support function to become a bottom line business decision maker. It was also observed that strategic partner is one of the most utilized catchphrases. Despite these changes, the structure remains too administrative, expensive and unable to deal with strategic issue of people. It has been observed that human resource practitioners are focused on administrative and transactional-based business. The human resource function is being practiced in its strategic capacity. It is continuously used by employees for low-level support such as vacation time or clarifying company policy.

New trend is distributive human resource to design and delivery of human resource function is completed through multiple channels. In many cases, all the administrative activities are outsourced, key element of people management are returned to line management, employees are expected to take more responsibility for their own human resource management and small teams of specialists are assembled to focus on specific business needs. In these situations, human resource function need change the way, where organization makes human capital decisions, aiming to spread the responsibility for human capital issues.
3.3.9 Recruitment:

Recruitment related issues are major challenge to business organizations and many organizations find it difficult to get appropriate persons to suffice their business needs. There remains quite disguised view in organizations to get experienced persons or new entrants and both the category persons have advantages and disadvantages. In recruitment notice, the organization need to quote attractive salary and other incentives to get employees of their liking. . Job descriptions are widely thought of as tool for publicizing vacant positions indicating following details for attracting potential candidates

(a) Appropriately assigned professional codes, titles and pay levels,
(b) Clearly establishing performance requirements.
(c) Making decision on job restructuring.
(d) Successfully training new employees in their job duties.

There are number of complexities in writing and maintaining job descriptions, including large number of employees in an organization, inefficient job description processes, different responsibilities and duties of every job and legal issues, which have significant impact on the format and content of description. It is also pertinent to specifically mention about training to be provided to recruited candidates in the form of business writing, external resource seminars, structural assessment training and new manager and performance training.

Core competency based questions are used at all stages of recruitment including application, assessments and interviews. Competency based interview are used while hiring externally or promoting internally and are helpful in adjudging the employee to fit in with values and culture of the organization. Competency based interviews include behavioural and situational, where behavioural interviews are structural assessment of qualities, which company believe to be important for particular position. It is assumed that past performance is best predictor of future success.

In situational interviews, hypothetical and future oriented questions are asked believing the candidate stating actions are indicator of good behaviour. Situational
interviews also offer case of comparing information from large number of candidates. It is suggested to companies to frame questions to assess competency of candidates in desired spheres comprising of analytical or problem based solution skills, collaboration and teamwork, leadership and creativity. The selection board needs to firm up in mind to continue search for candidates suited to the organization and can continue to work for longer duration.

There are various methods of sourcing, selection and assessment and it is the responsibility of the selection board to recruit appropriate persons and ensuring their aptitude to work as part of elite group. Online capacity assessment is also treated as one of the criteria for short-listing appropriate candidates for interview. It is also pertinent that good employment brand creates an image of well managed firm, where workers are continually growing and learning the minds of targeted candidate pool. The candidates must feel that company has challenging, prestigious and rewarding place to work.

3.3.10 Remuneration and Rewards:

Remuneration is significant issue in management of human resource, as the organization pays employees impact on its capacity to attract and retain high performing personnel. In order to achieve maximum return, the remuneration system needs to be integrating with business and human resource practices and focus on critical business objectives. Human resource contend with continual pressure in increase salaries or at least keep them competitive, while often suffering slashed budgets, where compensation and benefits are frequent key targets.

Usually organizations remain conscious about the hike in the remunerations in the fear to develop feeling to leave the organization and search better avenues in their own interest. Now human resources are increasingly operating in strategic business role, remuneration is potentially one of key tools at the disposal of management. Now, human capital is viewed, as an important source of competitive advantage with capability and commitment of employees are greatest influencing factors on performance. Employees also remain careful and conscious over remunerations and rewards of their dedicated work.
Companies remain conscious about the capability of employees to face the challenges of competition in terms of cost and quality and realize that employees work performance is helpful in enhancement of income and benefits in most competitive market conditions. In this manner the companies need not to pay employees from its limited income and profits, but earn suitably through increased production and lowering down cost of the produce. In such conducive environment, companies need to realize enlisted issues:

(a) Understand that human capabilities are essential to the success of business.

(b) Ensure that all employees are committed to the success of the organization through better combined performance.

(c) Design programmes and measures that link employees to short and long term business success, such as effective goal setting and performance management systems.

(d) Develop total reward systems that deliver strong value to employees addressing their values and commitments rather than focusing narrowly on monetary rewards.

Remunerations and rewards are believed to be important influence on output and performance. If remunerations and benefits are linked to and aligned with overall corporate or business strategy, employees individually and collectively focus on delivering unit and organizational goals. One of key trend developed of variable pay schemes, which reward employees for their performance. There are many options of variable pay schemes, but such practices are not justified in group or team work. In addition trust of employees is dwindled at the management, may not be in the long term interest of the organization.

This system is perfect, where work and performance is related to individual work and others have similar opportunities to adhere to their commitment also. In addition, remuneration with performance need to be kept as one portion of additional production, benefit or profit. Any system introduced by the management in deciding remuneration and rewards need to be transparent and open with no discrimination to any individual. Such fair practices create enthusiasm in all the employees to remain dedicated and trustworthy to the management.
3.3.11 Human Resource Outsourcing:

Outsourcing essentially involves the undertaking of human resource functions by specialized external company, which offers whole or partial outsourcing depending on the client’s requirements. Company management identifies a range of human resource functions to be outsourced, including recruitment, selection and assessment processes comprising of psychological assessment, skills testing, reference checking, performance and compensation management, organizational development, industrial-employee relations, occupational health, safety and work cover administration, outplacement services and employee assistance programme.

Purpose of outsourcing is multi-fold and includes corporate aims of lowering costs, increased flexibility in capability, increased to best practices methodologies and solutions, freeing up of internal human resource staff to concentrate on strategic and core business issues. Usually all sizes of organizations choose to outsource some or all of their human resource activities, there is large range of situations, which need to be considered for outsourcing. This issue is also related with the decision making process to get the work done by organization itself or outsource in view of various benefits listed below:

(a) Organization is very large and must sustain a level of quality and consistency in obtaining better services at lower costs.

(b) Small organizations do not possess critical mass that may necessitate an in-house human resource function.

(c) Organization is new and need to keep people focused on core business processes, which may not include human resource.

(d) Organization needs to work more strategically and keep free human resource professionals to think strategically and concentrate on central role in business strategy planning.

(e) Need to be sure of legal compliances in certain areas, as legal complications may create serious problem in functional arrangement.

(f) Having faith in specialized services available at reasonable cost and keeping free from all botherations.
(g) Need to manage ongoing change or a period of turbulence, while keeping human resource processes rock solid.

Outsourcing is also practiced for very specific reasons related to need to access invention, innovation and best practices, where human resource capability can be supplemented improved or upgraded. Such facilities are also necessary in case of bulk task beyond the capacity of organization and increasing staff is not justified for such short-term activities. Such services are also eminent in case of skills provided by personnel who are not directly involved in value addition to services or product. Outsourcing is a facility available to all such organization and availing such services is usually cost effective.

3.3.12 Workforce Planning:

Workforce planning is the process of getting right persons with right competencies, in the right job at a right time. It envisages that company is capable to tackle labour market pressures, respond to fast changing business environment and addresses staffing shortages. Workforce planning transforms staffing function from vacancy filling role to continually ensuring alignment between human capital and strategic goals of the organization. Workforce planning is not mechanistic or static process and there are number of steps to be adhered to ensure successful implementation. Usually call centres have commercial workforce management system in place.

First step of the task is analysis of current workforce, with minimum data for analysis including job title and job description, location and length of services, personal employee details, vacancies, turnover and wastage, reasons for leaving and destination of previous employees, qualifications and skills of workforce. Second step is to forecast the competencies required in future at the existing level and expansion strategies. Subsequent stage undertakes to identify gap between two situations to determine skill surpluses and deficiencies. Following strategies are suggested to proceed further:

(a) Review transfer policies to facilitate relocation as source of recruitment and outplacement.
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(b) Review recruitment, selection and remuneration strategies.
(c) Improve selection methodologies, particularly for emerging skill requirements.
(d) Improve selection methodologies in relation to the assessment of team based work skills.
(e) Develop ‘at-risk’ based remuneration strategies for senior positions to meet performance culture in commercial environment.
(f) Review strategies in relation to rewards for team based work.

3.4 RELEVANCE OF TALENT MANAGEMENT IN PHARMACEUTICAL SECTOR:

Pharmaceutical industry is one of the fastest growing businesses in the world and largely associated with the expansion of health facilities. The demand of medicines is created with the expansion of health facilities and still about 40 percent of the population of the world is still uncovered with the health facilities. In India, the expansion of health facilities has been made in systematic manner after independence and start of planned era. Still 30 percent of the country population is residing at far distant places from health facilities. The demand of medicines is created with the coverage of population with health facilities and doctors are the main stakeholders to create demand by examining the patents, who reach for cure of specific disease.

The demand and supply are two basic factors for relevance of pharmaceutical industries and demand of medicines is possible to be met by medicines produced in the country or imported from other countries. Even in India, demand of 97 percent of medicines is met by pharmaceutical industries functional in the country and 3 percent medicines are imported from other countries, which are mainly related to lifeline and strategic diseases. The country is capable to export medicines in developed and developing countries, wherever possible. Still health facilities are not in access to 30 percent of population and demand of medicines in the country would start with coverage such unconnected areas.
The problem of developing countries is quite critical in view of slow coverage of country population with health facilities mainly for lack of resources. The gap between demand of medicines and supply of medicines is the base of expansion of pharmaceutical industries. India is capable to manufacture medicines at cheaper rate and of global standard, the expansion of pharmaceutical industries is certain. Global market is most competitive in medicines sphere also and India has advantage in view of capability to manufacture medicines of global standard at cheaper rate to compete with global companies. Even developed countries avail outsourcing facilities for manufacturing of medicines. Developed countries offer such services to India after close assessment of the processing system and contents used in the process.

The pharmaceutical industry has mainly three main tasks viz., research for patent of new medicines, process of manufacturing of the medicines and marketing of the medicines through their own personnel. These activities are most challenging tasks requiring talented personnel to handle to task in result oriented manner. The talent is essential to adhere on the strategic issues of quality and production. In the sphere of research, the firm can provide all requisite facilities but the personnel working for invention of new medicines need to prove their worthiness in time and cost parameters. The marketing is most challenging task, as convincing the doctor for boosting the medicines of specific company is most critical task, while the personnel of the firm have to prove their proficiency in the task.

Thus total pharmaceutical sector is based on some presumptions, which the personnel engaged in different spheres heed to manage the tasks in the requisite manner within time and cost limits. The talented personnel engaged in research, manufacturing process and marketing have attained specialization in their respective spheres, which is possible with their training and working experience. The caliber such talented personnel possess is helpful in prospering the firm engaged in the task and expansion of the activities of the firm is possible with the active role of such personnel. Usually the business firm rewards them suitably in the form of increased salary, promotion and holding the task of foreign trade. The talented personnel are the backbone of pharmaceutical industry.
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