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TALENT MANAGEMENT AND ORGANISATIONAL EFFECTIVENESS

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ABSTRACT

This new age economy, with its attendant paradigm shifts in relation to the human capital, in terms of its acquisition, utilization, development and retention, has placed a heavy demand on today's HR professionals. Today HR is expected to identify potential talent and also comprehend, conceptualize and implement relevant strategies to contribute effectively to achieve organisational objectives. Hence a serious concern of every HR manager in order to survive this 'War for Talent', is to fight against a limited and diminishing pool of qualified available candidates to replace valuable employees when they leave, dramatically underscoring the difficulty to attract, motivate and retain the best employees in an organisation.

Today, companies have become fiercely competitive when it comes to attracting and retaining talent. According to Branham, 75 per cent of the senior executives admit that employee retention is a major concern today, the obvious reason being the 'increasing rate of turnover'. This dynamically changing and volatile demand-supply equation with such erratic attrition trends and cut throat competition has led organisations to focus on mechanisms pertaining to attracting and retaining talent. It is an accepted truth that turnover will happen and companies need to devise a strategy to curb unprecedented turnover from affecting organisational success.

INTRODUCTION

WHAT EXACTLY TALENT MEANS?

To analyse the reasons, we first need to understand what "TALENT" means. People have different views and definitions. According to Leigh Branham, vice president, consulting service at Right Management Consultants and author of the book, "Keeping People Who

Keep You in Business”, a talent is not rare and precious. Everyone has talent – too many to possibly name all. Talent is behavior; things we do more easily than the next person. We speak of “natural born talent” but those with a gift, knack, ability or flair for something can refine and develop that talent through experience. Talent, however, cannot be taught. As someone once said, “you can teach a turkey to climb a tree, but it is easier to hire a squirrel”. Vice President, HR of Seagram, Mr. Gopi Nambiar, says talent can be best described as a combination of abilities and attitudes. The real trick is to match the right motivated talents to the right role, individually and collectively, harnessing and harmonizing this crucial attribute to achieve the objectives of your company.

IMPORTANCE OF TALENT MANAGEMENT

Like human capital, talent management is gaining increased attention. Talent management (TM) brings together a number of important human resources (HR) and management initiatives. Organisations that formally decide to "manage their talent" undertake a strategic analysis of their current HR processes. This is to ensure that a coordinated, performance oriented approach is adopted.

Quite often, organisations adopting a TM approach will focus on coordinating and integrating:

- Recruitment - ensuring the right people are attracted to the organisation.
- 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".

An important step is to identify the staff or employees (people and positions) that are critical to the organisation. They do not necessarily have to be senior staff members. Many organisations lost a lot of "organisational knowledge" in the downsizing exercises of a few years ago. The impact of the loss was not immediately apparent. However, it did not take long for many companies to realize their mistake when they did not have people with the knowledge and skills to either anticipate or solve problems that arose.

The current discussions about skill shortages and the ageing population are also helping organisations to focus on the talent management issue. It may not be possible to simply go

out and recruit new people to meet operational needs. Many leading companies have decided to develop their own people, rather than trying to hire fully skilled workers.

In 1997, McKinsey and Company studied 77 large organizations from various industries to circumscribe the magnitude of the war for talent. They talked to the top 200 executives in each company to appreciate why these executives worked here they did and how they had become the professionals they were. Organizations with winning employee value propositions had compelling answer to the question, why would a talented person want to work here?" To create such proposition, great organization tailors its brand and products — that is, the jobs it has to offer—to appeal. It also pays the price it takes to recruit and retain talented people. The overall top 200 population cared deeply about values and culture, freedom and autonomy, challenging jobs, and good management. Differentiation was important to their compensation and lifestyle. In sum, their rewards were psychological, developmental, and financial. In 1973, Peter Drucker wrote: "Making a living is no longer."

FIGURE 1: WHAT MOTIVATES TALENT?

PERCENTAGE OF TOP 200 EXECUTIVES RATING FACTOR ABSOLUTELY ESSENTIAL?

Great Company (Brand)		Compensation and lifestyle (Price)		Great Jobs (Products)	
Values and culture	58	Differentiated compensation	29	Freedom and autonomy	56
Well managed	50	High total compensation	23	Jobs has exciting challenges	51
Company has exciting Challenges	38	Geographical location	19	Career advancement and growth	39
Strong performance	29	Respect for lifestyle	14	Fit with boss I admire	29
Industry Leader	21	Acceptable pace and stress	1		
Many talented people	20				
Good t development	17				
Inspiring mission	16				
Fun with colleagues	11				
Job security	8				

Source: Elizabeth Chambers, Mark Foulon, Helen Hand field-Jones, Steven Hankin, and Edward Michaels. 1998. The War for Talent. McKinsey Quarterly. O3.

HOW DOES AN ORGANIZATION EFFECTIVELY MANAGE TALENT?

- 1. RECOGNIZE TALENT:** notice what do employees do in their free time and find out their interest. Try to discover their strengths and interests. Also, encourage them to discover their own talents. For instance, if an employee in the operations department

convincingly explains why he thinks he's right even when he is wrong considered moving him to sales!

2. **ATTRACTING TALENT:** good companies create a strong brand identity with their customers and then deliver on the promise. Great employment brands do this same, with quantifiable and qualitative results. As a result, the right people choose to join the organization.
3. **SELECTING TALENT:** management should implement proven talent selection systems and tools to create profiles of the right people based on the competencies of the high performers. It is not simply a matter of finding the "best and the brightest", it is about creating the right fit- both for today and tomorrow.
4. **RETAINING TALENT:** in the current climate of change, it is critical to hold on to the key people. These are the people who will lead the organization to future success, and you can't afford to lose them. The cost of replacing a valued employee is enormous. Organizations need to promote diversity and design strategies to retain people, reward high performance and provide opportunities for development.
5. **MANAGING SUCCESSION:** effective organizations anticipate the leadership and requirement to succeed in the future. Leaders understand that it is critical to strengthen their talent pool through succession planning, professional development, job rotating and work force planning. They need to identify potential talent and groom it.
6. **CHANGE ORGANIZATION CULTURE:** ask yourself "why would a talented person choose to work here?" If the organization wishes to substantially strengthen its talent pool, it should be prepared to change things as fundamental as business strategy, the organization structure, the culture and even the caliber of leaders in the organization.

A rightly managed talent turns out to be a gold mine. It's inexhaustible and priceless. It will keep supplying wealth and value to the organization. In turn, management needs to release its worth, extract it, polish it and utilize it. Don't hoard talent-spend it lavishly, like a millionaire flashing his luxuries, because talent is wealth!

TALENT MANAGEMENT OPPORTUNITIES AND CHALLENGES

Now if we discuss the problem in the global context, it's 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. Nevertheless global or local at the grass roots level talent management has to address similar concerns more or less. It faces the following opportunities and challenges:

1. **RECRUITING TALENT:** The recent economic downturn saw job cuts 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 board, 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 demotivation 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.

BEST PRACTICES FOR EFFECTIVE TALENT MANAGEMENT

Organizations have been talking about the connection between great employees and superior organizational performance for decades. So, why the current emphasis on managing Talent? There are several drivers fueling this emphasis:

1. THERE IS A DEMONSTRATED RELATIONSHIP BETWEEN BETTER TALENT AND BETTER BUSINESS PERFORMANCE: Increasingly, organizations seek to quantify the return on their investment in talent. The result is a body of "proof" that paints a compelling picture of the impact talent has on business performance. To highlight just a few: A 2007 study from the Hackett Group found companies that excel at managing talent post earnings that are 15 percent higher than peers. For an average Fortune 500 company, such an improvement in performance means hundreds of millions of dollars. A study from IBM found public companies that are more effective at talent management had higher percentages of financial outperformers than groups of similar sized companies with less effective talent management.

2. TALENT IS A RAPIDLY INCREASING SOURCE OF VALUE CREATION: The financial value of our companies often depends upon the quality of talent. In fact, the Brookings Institution found that in 1982, 62 percent of an average company's value was attributed to its physical assets (including equipment and facilities) and only 38 percent to intangible assets (patents, intellectual property, brand, and, most of all, people). By 2003, these percentages nearly flip-flopped, with 80 percent of value attributable to intangible assets and 20 percent to tangible assets. In CEO and the median tenure for a CEO who left office was six years. Boards and investors are putting senior leaders under a microscope, expecting them to create value. This pressure, most visible at the CEO level but generally felt

up and down the org chart, drives a growing emphasis on the quality of talent —not just at the C-level, but at all levels.

3. EMPLOYEE EXPECTATIONS ARE ALSO CHANGING: this forces organization to place a greater emphasis on talent management strategies and practices. Employees today are:

- Increasingly interested in having challenging and meaningful work.
- More loyal to their profession than to the organization.
- Less accommodating of traditional structures and authority.
- More concerned about work-life balance.
- Prepared to take ownership of their careers and development.

Responding to these myriad challenges makes it difficult to capture both the “hearts” and “minds” of today’s work- force. Yet, it’s critical to do so, as research from IBM and the Human Capital Institute highlights. Their July 2008 study showed that 56 percent of financial performers understand and address employee engagement. This is just one piece of a large body of evidence that illustrates how the cultures built within our organizations are crucial to attracting and retaining key talent.

CONCLUSION

In present talent-hungry market place, one of the greatest challenges that organizations are facing is to successfully attract, assess, train and retain talented employees. Talent Management is the end-to-end process of planning, recruiting, developing, managing, and compensating employees throughout the organization. The 4 pillars of talent management are: recruiting, performance management, learning management, and compensation management. In the preset scenario organisation needs to swim against to the benign winds. Therefore, organisation requires resolving and redesigning the HR policies and motivating the employees and facilitating for the overall development of the employees. Key employees (employees who lead the organisation) certainly impact on the organisational effectiveness.

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