

“TALENT MANAGEMENT: SCOPE & CHALLENGES”

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1.1 Introduction

In an organization, there is nothing more crucial than finding the right employee in the right position. Or else one would be trying to fit a square peg in a round hole. When people do jobs that just don't suit their liking, inclination or temperament, the results, or rather the lack of them will be disastrously obvious. Low productivity, dissatisfaction, low morale, absenteeism and other negative behavior will become typical till the employee is shown the door. Or perhaps, there is another option - Talent Management.

Traditionally, most people selection in India (be it civil services or admission to premier engineering colleges like IITs) has been based on the method of elimination. The underlying principle being, when you eliminate the rest, those who remain are the best. There is nothing wrong with that proposition except that it assumes that supply will always be more than demand.

Mostly companies have also started that way but soon hit a ceiling. The few selected campuses that they were going to, could not give them the number of engineers they needed. Being a globally competitive business, lowering the standard was out of question.

Talent management implies recognizing a person's inherent skills, traits and 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 HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities.

No matter how inspiring the leaders are, they are only as effective as their team. A team's output is healthy only if the members are in sync. To achieve such harmony, the key ingredient is "putting the right people in the right jobs". While there is no magic formula to manage talent, the trick is to locate it and encourage it.

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.

2.1 What is Talent Management?

Talent Management is a conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs.

Traditionally, organizational growth has been enabled by hiring more people. However, today's economic environment requires that the productivity of existing workers increase before new headcount is considered. Organizational growth has transformed from "quantity of talent" to "quality of talent."

With organizations seeking new ways of improving workforce productivity, "talent management" has become a vital element in establishing a human capital management (HCM) environment. A term that has suffered from significant abuse and misuse over the past few years, talent management is more adequately defined as "a continuous, integrated process that helps employers to:

- Effectively plan talent needs
- Attract the very best talent
- Speed time to productivity
- Motivate the right behavior
- Develop targeted capabilities and knowledge
- Retain the highest performers
- Enable talent mobility across the organization.”

HR departments in large companies, so far focused on hiring, training and retaining people have been mandated to find out what they could do to expand the pool of talent: growing the pie rather than just take a bigger slice of the existing pie. Many new ideas have emerged: going to newer campuses is of course obvious; reaching out to newer sections such as women who have taken a break from work and differently-able people is another; training science graduates to make them ready for IT work is yet another. The latest seems to be helping management educational institutions, to train their students according to industry needs, through faculty development programmes.

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Heidi Sprig, President of Knowledge Infusion defines talent management as “the process of managing the supply and demand of talent to achieve optimal business performance in alignment with organizational goals.”

It is estimated that organizations lay out anywhere from 40 to 70 percent of their total operating spend on payroll and other direct employment expenses. And yet, very few organizations make decisions about their people with the same discipline and confidence as they do about money, clients and technology. Organizations that focus on maximizing their investment in people, rather than administering it, understand that they will gain a significant competitive advantage by doing so.

Organizations embark on the path towards maximizing their investment in people by first identifying the workforce as an asset. This asset requires the same level of business discipline for optimization and management that would be expected of other business capital (i.e. financial, property, technology, etc.). Organizations that effectively optimize human capital focus their talent management strategy around three key principals: business focus, agility and alignment.

Talent management has emerged as a corporate mandate for organizations seeking to create competitive advantage through human capital assets.

Impact of Developmental Style of Management

Research by Hall (1990a, 1990b) indicates that the most effective style for creating an environment for competence is that of the Developer. The Developer management style sees people and performance as complements to each other. Such managers believe that work is healthy for people, that people have an innate need to work, that they must achieve on some productive issue in order to feel good about themselves.

An organization is benefited by the developmental style of management in two aspects. On the one hand it will benefit the organization as whole, on the other hand it will affect positively the employees of the organization also.

Another important study conducted at Iowa State University Extension on “Understanding and Changing Management Culture” indicates that the organization has more of a patriarchal style. The traits that accompany patriarchy--care taking, protection and providing for the emotional morale of the staff--are among the least likely to develop staff collaboration, commitment and creativity, the foundation of organizational competence. According to these findings, if ISU Extension wants to create an organization that fully taps the competence of its staff, the administrative team must change its management culture from patriarchy to one conducive to enhancing competence through “Developmental Management Style.” Figure 1 shows the benefits of the developmental style of leadership to employees and to an organization as a whole.

Developmental Management Style

To employees

Empowerment
Autonomy
Competency building
Responsibility with accountability
Work Itself
Motivation
Commitment
Sense of achievement and growth

To organization

Development of OCTAPACE
Learning Organization
Knowledge sharing
Better Employee Relations
Retention of employees
Change Management
Achievement of goals
Development

To employees

1. **Empowerment:** It is the provision of greater freedom and discretion to employees. When employees are given freedom they work effectively as a team and strive for the development and growth of the organization. The function of empowerment leads to the prosperity of the organization.
2. **Autonomy:** HRD developmental style believes in giving necessary autonomy to the person related to his work so that he could perform it independently in a much better way.
3. **Competency Building:** Competency refers to skill, knowledge and ability to perform work. This style believes in making a person competent so that he could take decisions and work, keeping in mind future challenges.
4. **Responsibility with Accountability:** Autonomy does not mean work without responsibility; rather it makes the employee fairly responsible and accountable towards his work as he is solely responsible for the work delegated to him.
5. **Work itself:** Developmental style provides an opportunity to the employee to work on his own and to take decisions as well as to implement them.
6. **Commitment:** Trust in people, delegation of authority and empowerment make the employees committed toward their work.

7. **Sense of Achievement and growth:** An employee performs his work and achieves the result on his own, feeling a sense of achievement and becoming more sensible of growth.
8. **Development:** Ultimately the style results in overall development of the employee, making him competent and developing his potential to attain higher positions in future.

To organization

1. **Development of OCTAPACE Culture:** Developmental style results in formation of an OCTAPACE culture which means a culture where there is openness, collaboration, trust, authenticity, proactiveness, autonomy, confrontation and experimentation.
2. **Learning Organization:** An organization where people are at every stage and moment trying to learn new things that is possible only through developmental style. It provides each and every employee an opportunity to develop and learn.
3. **Knowledge Sharing:** Developmental style creates a knowledge organization where employees are ready and free to share the knowledge that they have. It will ensure that all important knowledge assets and flows are known, utilized and enhanced according to their respective long-term contributions to business value.
4. **Employee retention:** If employees were given autonomy, responsibility with authority, avenues for growth and development and recognition of their work, it will result in employee retention and growth.
5. **Better employee relations:** Developmental style results in better employee relations as the superior has trust in the subordinate, there is knowledge sharing and mutual understanding leads to better employee relations.
6. **Achievement of goals:** With developmental style, employees will be able to give throughput in terms of achievement of the goal in a specific time period, of required quality level, within cost limits and according to laid down processes.

Effective Talent Management

1. **Recognize talent:** It consists of noticing what the employees do in their free time, finding out their interests and trying to discover their strengths and interests. Also, encouraging them to discover their own latent talents. For instance, if an employee in the operations department convincingly explains why he thinks he's right even when he's wrong, consider moving him to sales!
2. **Attracting Talent:** Good companies create a strong brand identity with their customers and then deliver on that promise. Great employment brands do the 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 high performers. It's not simply a matter of finding the "best and the brightest"; it's about creating the right fit - both for today and tomorrow.
4. **Retaining Talent:** In the current climate of change, it's critical to hold onto 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 talent requirement in order to succeed in the future. Leaders understand that it's critical to strengthen their talent pool through succession planning, professional development, job rotation and workforce planning. They need to identify potential talent and groom it.
6. **Change Organization Culture:** It involves asking "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 the business strategy, the organization structure, the culture and even the calibre of leaders in the organization.

According to AIdE, the total annual intake of students in 1,346 degree engineering colleges in the country is about 439,689. Large companies are putting in serious effort to expand that pool—in the short run by training science graduates to take up work hitherto performed by engineers; in the medium run with academic partnerships; and in the long run by encouraging mathematics and science education in schools. There are companies like Wipro, Infosys and others who have taken up the initiative to train faculty members from select engineering colleges so that they are in a better position to train their students and make them more employable. A beginning has been made, but real success will take some time.

Talent management is critical for organizations to attain their long-term strategy so that individuals are placed in an environment where they can have the highest impact within the enterprise. Importantly, talent management is an evolving process, enabled by technology that integrates a set of previously independent and disconnected processes. The ability to identify, develop, manage and retain talent as an integrated set of processes across the organization (rather than in functional silos) allows organizations to derive new levels of value from its talent. This value is represented in strategic measures such as higher productivity, increased accomplishment of business plan objectives and, ultimately, increased shareholder value. “Much work is necessary in the less tangible areas of soft skills such as management, communication and language—important elements of what comprises an ‘industry-ready’ or ‘employable’ resource”

“We started hiring B.Sc.s in the last two years, and had tremendous success. We have a target of 3,000 such people for 2008”, says Nandita Gurjar, group head, HR, Infosys Technologies.

It is imperative that organizations integrate a highly functional talent management solution across all facets of the business. It’s not a question of whether an organization needs to do this, but rather when and how. Talent management has become a mandate for organizations which seek to create competitive advantage through their human capital assets by improving current workforce performance and proactively preparing for the future.

Talent Management: Few Cases

Failures in talent management are an ongoing source of pain for executives in modern organizations. Over the past generation, talent management practices, especially in the United States, have by and large been dysfunctional, leading corporations to lurch from surpluses of talent to shortfalls and to surpluses and back again.

At its heart, talent management is simply a matter of anticipating the need for human capital and then setting out a plan to meet it. Current responses to this challenge largely fall into two distinct—and equally ineffective—camps. The first, and by far the most common, is to do nothing: anticipate no needs at all; make no plans for addressing them (rendering the term “talent management” meaningless). This reactive approach relies overwhelmingly on outside hiring and has faltered now that the surplus of management talent has eroded. The second, common only among large, older companies, relies on complex and bureaucratic models from the 1950s for forecasting and succession planning—legacy systems that grew up in an era when business was highly predictable and that fail now because they are inaccurate and costly in a more volatile environment.

Except in a few very large firms, internal talent development collapsed in the 1970s because it could not address the increasing uncertainties of the marketplace. Business forecasting had failed to predict the economic downturn in that decade, and talent pipelines continued to churn under outdated assumptions of growth. The excess supply of managers, combined with no-layoff policies for white-collar workers, fed corporate bloat. The steep recession of the early 1980s then led to white-collar layoffs and the demise of lifetime employment, as restructuring cut layers of hierarchy and eliminated many practices and staffs that developed talent. After all, if the priority was to cut positions, particularly in middle management, why maintain the programmes designed to fill the ranks?

The older companies like PepsiCo and GE that still invested in development became known as “academy companies”: breeding grounds for talent simply by maintaining some of the practices that nearly all corporations had followed in the

past. A number of such companies managed to ride out the restructurings of the 1980s with their programmes intact only to succumb to cost-cutting pressures later on.

The problems faced by Unilever's Indian operations after 2000 are a case in point. Known as a model employer and talent developer since the 1950s, the organization suddenly found it top-heavy and stuck when business declined after the 2001 recession. Its well-oiled pipeline saddled the company with 1,400 well-trained managers in 2004, up 27% from 2000, despite the fact that the demand for managers had fallen. Unilever's implicit promise to avoid layoffs meant that the company had to find places for them in its other international operations or buy them out.

Trends in Talent Management

The Human Resource Planning Society (HRPS), now in its third decade of service to the human resource and broader business executive community, has been committed to improving organizational performance through the application of strategic human resource management practices, including talent management. HRPS was preceded by the American Society for Personnel Administration, founded in 1948 by 28 individuals to provide professional development for an emerging profession in transition. Today, renamed the Society for Human Resource Management (SHRM), that organization has over 175,000 members (SHRM, 2003).

Talent as a driving force behind HR contributions to organizational success is underscored by a recent Human Resource Planning article entitled "The 21st Century Human Resources Function." Its bold subtitle, "It's the Talent, Stupid!," further reinforces the central role of talent in the evolution of HR's impact with organizations they support (Buckingham & Vosburgh, 2001).

In a slowed down economy, an intense talent shortage may be difficult to visualize, yet what we know about economic cycles and demographic trends forces

us to confront a not-too-distant future that includes a labor/talent deficit in supply/demand.

Workplaces everywhere are facing an increasingly complex and ever-changing landscape in their efforts to acquire, retain, motivate and develop the talent needed to keep their organizations operating efficiently and competitively. Talent management strategists must prepare for what is likely to be a roller coaster ride. Though the employability percentage has somewhat improved from what it was four years ago, it is not sufficient to sustain the amount of growth the Indian IT industry is witnessing. According to Rajasekharan SO, senior VP, Keane India, "Employability has tremendously improved in the last four years. But we have found that 40% of students get rejected on analytical skills, 20-30% on soft skills, and another 10% on technical skills."

An innovative programme initiated by Wipro, aimed at faculty development is Mission IOX. The idea behind this initiative, according to Selvan D, Senior VP, Talent Transformation at Wipro, was to work at the faculty level in terms of capability building on ground up mode and will go a long way in increasing employability. He also laments the fact that there is no structured faculty enablement programme across the country. There is another programme in Infosys with similar objectives, called Campus Connect.

Talking about the project, Nandita Gurjar, group head, HR, Infosys Technologies says, "There was not much success or response to the programme in the first year, 2004, and, in fact, we got into a situation where we were told by some universities that they were not interested, and that we should take care of these students once we recruit them. But in 2005, we started seeing some progress, and by 2006 there was acceleration of the programmes and more and more colleges came into its fold." (May 15, 2008).

Recruiting for Talent

Recruiting has undergone major changes. Historically, recruiting was driven by various communication channels, including classified ads, college placement

offices and internal job-posting systems. But the biggest limitation of these traditional tactics is that, by definition, they are bound to those channel's geographic distribution, market, and circulation. Another limitation has been time—the time to write the ad, place it in selected media, wait for inquiries, schedule interviews or other screening practices, and so on. As pressure mounts to reduce job vacancy periods and shorten time-to-productivity measures, time has become the enemy. Technology has come to the rescue. The internet has offered a way to attack time, cost and reach simultaneously.

Web recruiting is exploding. In an effort to find any possible advantage, both employers and job seekers are logging on in record numbers. Monster.com, with 36 percent of the worldwide web career market, is by far the largest of the plethora of online career websites. In the third quarter of 2003, Monster had 16.7 million unique visitors who stayed an average of 15.6 minutes. By September 2003, there were 30.7 million active resume's in the Monster system, up from 19.6 million just a year earlier (Monster, 2003).

Most HR managers say that the findings of the survey are not in the least bit surprising; in India, with a young population with high aspirations, the Internet is a convergence point for companies and consultants as it is a quick and convenient route to locating the right jobs in the market.

Agrees C. Mahalingam, Senior Vice President and Chief People Officer, Symphony Services: "Indian job seekers are very net-savvy and, therefore, it is not surprising that they surf for job opportunities globally. Particularly those in their twenties and thirties are ambitious, mobile and career-minded and they understand the opportunities across the globe and within the Indian subcontinent and hence they are willing to give it a try, if corporates are using the online medium for hiring, and modules like jobsites, websites, intranets, and interestingly, social net working sites like Orkut are (visited)". "Most new age organizations post vacancies on the Internet right at the beginning of the recruitment process, thus ensuring a wider reach to the prospective candidate community in a cost-effective manner. Posting

vacancies on line also enables job seekers to reach out to multiple job openings simultaneously,” believes Abhay Valsangkar, senior director, HR, Symantec India.

Monster, Hot Jobs, Career Builder, and the others are adding value on both sides of the employment equation by broadening the reach and accelerating the speed of linking jobs and applicants. And when you add to the mix other online screening and analysis tools, including resume analysis programmes, and sophisticated online pre-employment assessments, the world of recruiting will be seen to have changed dramatically.

Training and Developing Talent

Wipro: Mission Iox is a Quantum Innovation project partnering with the academia from across the country. This project aims at introducing a new learning model that would help enhance the learning of students on the subject while developing key employability skills. This project is an outcome of intense research done by Wipro across the academic community, student community and the industry. Wipro plans to train over 10,000 of the faculty over the next three years covering all the 1,300+ engineering colleges in the country.

Wipro has created a strong team across the country to reach out to the academia and conduct these sessions at the campuses. The Mission IOX portal enables collaboration across the faculty in the country to leverage on best practices in teaching and learning. As part of Mission IOX, Wipro released the first faculty guide complying with the *Wipro* Learning Model. This was launched by the Vice Chancellors of four Universities.

Mission IOx was launched on September 5, 2007. This initiative is seen as a key differentiator for the country to address the challenge of the demand supply gap in human capital. This is a not-for-profit trust.

Infosys: Campus Connect

Launched by Infosys in May 2004, it is a unique academia-industry initiative to “architect the education experience”. Their goal is to build a sustainable

partnership with engineering education institutions in India and abroad for mutual benefit, producing “industry ready” recruits.

Their objective in launching this programme is to enhance the quality and quantity of the IT talent-pool and sustain the growth of the IT industry itself. They don't want to increase the number of engineering colleges or the number of graduates. They intend to increase the employability of students. They want to have a consistent output, irrespective of all variables involved. It doesn't matter where the college is located (big city or remote town), the kind of faculty or students. Whatever the conditions may be, with the help of their partners, they want to achieve a high-quality, constant product.

It has a programme for tier-2 and tier-3 towns and has worked with government and academia over the last four years in engineering and graduate colleges. The idea was not just improving the employability of the students, but in sharpening the technical skills of the teachers. The programme now runs in 1,040 colleges.

TCS AIP

TCS has been supporting the academic community across the globe, from the time the company was incepted. This was further strengthened in 2002, when the company put in place a comprehensive AIP (Academic Interface Programme) process framework and infrastructure. The TCS AIP facilitates a robust high-quality, long-term relationship between itself and the academia, leading to a win-win situation for both. The TCS AIP support has three focal points—institutes, faculty and students.

Workplace learning and performance received a boost in 1990 with the publication of Peter Senge's *The Fifth Discipline*. Learning was being recast and positioned as a key strategic element in an organization's success and much more than a tactic aimed at improving job performance. Senge described a learning organization as one “where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured,

where collective aspiration is set free, and where people are continually learning to see the whole together” (Senge, 1990).

Achieving this vision proved difficult. With traditional models of structured, classroom learning still the norm, learning remained as much dependent on the skills of the facilitator as it did on the power and value of the content. Instructional designers and courseware developers worked hard to create new, interesting and engaging methods to motivate and teach, but achieving the vision of a learning organization may depend more on the organization itself than on learning strategies. “If we are to be effective, our views and theories of organization must change,” said Pat McLagan, CEO of McLagan International. The metamorphosis is from closed rational systems focused on structure to dynamic models inspired by new views of the universe that emphasize process and participation (Galagan, 2003). The future emphasis is likely to shift from purely individually oriented learning towards making teams (often virtual and sometimes global) more effective in working with each other to meet common goals. As learning technology and learning infrastructure continue to grow more sophisticated, the learning organization may finally be within reach.

While some barriers to the aggressive growth of e-learning remain (bandwidth issues, for example), technology’s impact on training will continue to deepen. ASTD’s annual State of the Industry Report shows significant growth in the application of learning technologies around the globe. In 2003, 15 percent of U.S. organizations employed technology-assisted learning, but that falls short of the global leader, Japan, which reported 20 percent (Sugrue, 2003). IDC, a global IT market and intelligence firm that tracks e-learning, had forecast the worldwide e-learning market to grow from \$6.6 billion in 2002 to \$23.7 billion in 2006. The report’s authors believe web-based learning will “become the game-changer” in the future of learning (IDC, 2003).

Treating Talent Fairly

Treating talent fairly in all respects is critical for motivating and retaining employees. Over the last 30 years in the United States, perhaps no other area in

talent management has received as much attention and scrutiny as affirmative action. Looking back 50 years, such protections were rarely afforded to employees. For example, there were no Americans with Disabilities Act (ADA) and the term “glass ceiling” had not yet been coined.

Affirmative action can be traced far back to the early days of U.S. history, specifically, to the 14th and 15th Amendments to the Constitution, the Enforcement Acts of 1870 and 1871 and the Civil Rights Acts of 1866 and 1875 (Jenkins, 1999). A major milestone in the history of affirmative action was the passing of the Civil Rights Act of 1964. It made discrimination illegal in employment, public accommodation and programmes financed by the federal government. Added to this, in 1965, President Lyndon B. Johnson issued Executive Order 11246, which authorized the U.S. Department of Labor to take “affirmative” action to make sure that ethnic minorities were treated equally in terms of employment. The latter order stimulated programmes intended to resolve bias against ethnic minorities and women in such areas as hiring, job promotion, and education (Pollard & O’Hare, 1999).

Race-based discrimination seems to be a worldwide phenomenon (International Labor Organization Global Report, 2003). Of course, issues revolving around fair treatment of employees are not restricted to racial considerations. Sex discrimination and sexual harassment in the workplace became more widely discussed concerns around the world during the 1990s, partly because the globalization of business and the push of regional economic alliances, such as the European Union, had driven the need for common standards (HRI, 2003). In the late 1980s the term “glass ceiling” was coined in the United States to describe the invisible artificial barriers created by attitudinal and organizational prejudices barring women from top executive jobs (International Labor Organization, 1998). Glass ceilings certainly are not limited to the United States. In Europe (Catalyst, 2002) and in Japan (PBI Asian HR eNewsletter, 2003), the glass ceiling may be a bigger problem than in the United States. Organizations like the International Labor Organization are pushing international standards to prevent sex discrimination and harassment (HRI, 2003). And in the aftermath of September 11, discrimination complaints escalated around

religious and national origin discrimination, particularly against Muslims and people of Arab descent.

Commission of offences under the ADA have dropped significantly between the 1995 high and 2003 (EEOC, 2003). Disability discrimination has triggered protection in other parts of the world which in turn has led to positive steps by employers. For example, Japan's mandated requirement for quotas on the employment of the disabled has led most companies represented in Japan to create programmes specifically for the recruitment and training of the disabled. From a worldwide perspective, progress in employing the disabled has, however, been disappointing (HRI, 2002). Protection based on age appears to be a global trend (Employment Discrimination Report, 2000; Cheung, 2000); as is the case with the disabled, considerable discrimination continues to exist on a global scale.

Some conflicting factors will make the future somewhat difficult to predict in terms of protection of employees. While courts will need to reconcile national statutes and many countries will move in the direction of western-style employment protection, some countries, feeling the pressure to attract more multinationals and foreign investment, will likely ease up on their employment laws. Other trends may be part of the future:

- Laws relating to sex discrimination, and particularly sexual orientation, will be widespread.
- Worldwide, laws will be enacted to provide equal treatment regardless of weight and height.
- At least in the United States, virtually the only group not protected will be white male Caucasians under 40 years of age.
- Given widespread labour shortages, solid managerial talent will be scarce and will result in breaking through the glass ceiling. Additionally (because of labour shortages), race, gender and age-based discrimination in the workplace will occur much less often.

For practical reasons alone, we can be optimistic that organizations will continue to strive to treat talent fairly in the years to come. Regardless of whether this results from simple enlightened self-interest or some level of social conscience, as an end result, organizations will want to be known as places where talent is valued and grown.

Retaining Talent

Perhaps no talent management issue will have greater importance in the years to come than employee retention. Historically, employee retention has not been the issue it is today. In fact, U.S. median job tenure did not change much from the 1950s to the end of the 1990s (Yakoboski, 1999).

While the last few years of a flagging economy might suggest that turnover has not been a problem, such has not been the case. From September 2002 to August 2003, a period best characterized as a downswing in the economy, annual turnover for the United States as a whole, across all jobs, was 19.2 percent (U. S. Department of Labor, Bureau of Labor Statistics, 2003). This is true globally as well; for example, Latin American employers had a difficult time retaining workers during the slowed economy of 2002 (Watson Wyatt, 2002).

Today, a confluence of forces makes the retention problem critically important. The two major forces are the economic down swing up of the last few years and labor and talent shortages. A troublesome outcome of the downswing in the economy and the associated layoffs is that employee commitment and loyalty have been weakened. "It appears every man, woman and child is ready to quit their current job at the first opportunity" (Sullivan, 2003). In terms of labour shortages the Bureau of Labour Statistics projects a labor shortage of 10 million workers in 2008 (U.S. Department of Labor, Bureau of Labor Statistics, 2003). The National Association of Manufacturers, the Manufacturing Institute and Deloitte & Touche, in their white paper, "Keeping America Competitive" (2003), project serious shortages in the manufacturing sector. As the New York Times reports in its October 12, 2003, issue, "conditions in the late 90's may have been a reflection of job markets to come. And they are coming very quickly" (Brock, 2003).

A major reason is that the big baby-boom generation is starting to retire. According to childstats.gov, in 1964 the percentage of children in the population under the age of 18 was 36 percent. By 1999, that number dropped to 26 percent of the population and will continue to fall until at least 2020. At the other end of the population curve, as boomers age, the share of the population aged 65 or older is projected to increase from 12 percent in 2000 to about 20 percent in 2030 (U.S. Census). “There simply aren’t enough workers behind the boomers in the labor supply pipeline to fill their jobs” (Brock, 2003). And it will be here soon, if not already. By 2005, the impact of the shortage was predicted as likely to be in full swing (Kaihla, 2003).

Executive VP, HR, NIIT Technologies, “We have a bigger challenge at middle level for the simple reason that IT workers after three-four years begin to handle teams. This does not happen in any other kind of industry. So, for a technical person, managerial skills do not come naturally. Hence, there are programmes these people are put through.” NuT has a SEED programme to let employee transition from worker to manager, apart from the programme run in collaboration with ISB. According to Nandita Gurjar of Infosys Technologies, “Today, the concern is not of freshers, but of managing the middle level as we are growing them too fast and we have got into a panic mode because of the boom and promoting them left, right, and center. This can do more harm than good.” She adds that sometimes what is needed is just experience and also senior managers to work with junior managers as mentors. HCL’s Eagle’s Nest Programme is aimed at identifying and grooming high performance managers.

The impact will be felt globally as well. Labor shortages in every industrial country will hamper economic growth (Hewitt, 2002). On a global scale, “the major social crises of the twenty-first century will be the byproduct of labor shortages” (Hewitt, 2001). Germany, in particular, will feel the impact of labor shortages. “Unless Germany negotiates a new social contract, it will face an era of fiscal crisis amid widespread labor shortages and slower economic growth” (Jackson, 2003). The shortage of skilled workers will be even more pronounced. And globalization of the workforce is leading to a greater need (for companies) to compete effectively

in the battle for talent (Grantham, 2003; Patel, 2002). Losing these employees who leave permanently or temporarily due to some special need arising out of maternity or child care also puts extra pressure on companies.

Some companies have good plans in place wherein they offer flexible working hours to those who are really in need of them. Working from home is also encouraged in some companies. Technologies has something called “half day, half pay policy”, apart from flexibility to work from home on projects which do not require a presence in the office .

As the economy improves, there are indications that employees will be leaving in droves. A Society for Human Resource Management and Wall Street Journal Job Recovery Study of 2003 indicates that 83 percent of employees surveyed had said that it was likely they would actively seek new employment once the job market and economy improved. This is buttressed by the Conference Board survey (2003), which found that employee discontent was the highest since the survey began in 1995. Put differently, “The minute the labor market rebounds, they’re gone—just at the time we’re entering this period of labor shortage” (Kaihla, 2003).

In sum, the demographic time bomb fueled by aging baby boomers is not a guess—it is an actuarial fact. Any kind of demographic projections with respect to people who have already been born is notoriously accurate (Kaihla, 2003).

Not that the economy and labor and talent shortages are the only factors producing a crisis. Technology has been contributing as well. The internet has enabled employees to become far more knowledgeable and sophisticated about employment and job searches (Hansen, 2001), thus making organizations more vulnerable to turnover. As internet usage increases, this will be exacerbated. Technology advances also contribute to the “off-shoring” of not only manufacturing, but of professional and technical knowledge workers (e.g., financial transactions, software development, call centre support), a trend that will continue.

What makes the issue of turnover so serious is that the costs of turnover are significant and far-reaching. Much more than in the past, these costs are being quantified. For example:

- Not only does retention reduce turnover costs and increase productivity, it is also correlated with high customer loyalty and greater profitability (Dresang, 2002).
- Clearly the one thing that can be done is to have front-line leaders who are retention experts. The role of the front-line leader as the driver of retention has been recognized. Pay, benefits and other employee rewards entice employees to enter a company, but poor managers cause them to leave. The role of the front-line leader in retention has emerged (SHRM Retention Survey, 2000: Buckingham & Coffman, 1999). This is underscored in the WorkTrends 2004 annual survey of over 10,000 employees. Results show eroding trends in job security and intent to remain. This implies that as the job market improves and there are more employment alternatives, leaders will need to put more effort into retaining talent (Gantz Wiley Research, 2004).

Such retention leadership talents as building trust with one's team members are critical to achieving high retention (Frank, 2003). Employees will stay if they have a good relationship and open communication with their immediate boss (HRI Institute, 2001). For example, in a well-reported study, Sprint PCS improved retention by working with front-line leaders in customer contact centres. Leaders were assessed on 10 retention leader talents and then experienced e-learning to enhance talent gaps. Attrition fell consistently below that at control centres (Taylor, 2002).

4.2 The Future for Talent Management

PeopleSoft was founded in 1987 and one year later launched the PeopleSoft Human Resources Management System, its first product. Ninety eight people attended their first client conference in 1990. By 1996 the number of attendees had swelled to 7,288. That was two years after Fortune magazine named PeopleSoft as

the “fastest growing software company in America.” In 2002 PeopleSoft released 35 new products (PeopleSoft, 2003). As just one indicator, it is safe to say that technology is now an ubiquitous part of talent management practices for both employers and employees.

Many models will reshape employment relationships with workers. While telecommuting experienced a setback following the dot.com collapse in 2000, it is on the rebound. An estimated 24 million Americans regularly or occasionally telecommute and 45 percent of the U.S. workforce already uses mobile devices ranging from portable PCs and PDAs to wireless internet tools (Gartner, 2003). A 2002 benefits survey by SHRM found that 37 percent of employers offered telecommuting on a part-time basis, with 23 percent offering it as a full-time option (SHRM, 2002).

Software development teams, for example, often “chase the sun,” where digitally-connected programming teams pass work from centre to centre around the globe to achieve 24/7 development cycles (Joinson, 2002). Walt Disney Company’s animation team used this technique in creating the animated feature, *Hunchback of Notre Dame*. Drawings would start in Paris, with artists at Notre Dame and Disneyland Paris and then move to Florida, then on to California to continue the creative process.

As technology infiltrates nearly every facet of the workplace, implications for talent management may be profound. According to the U.S. Department of Labor’s Employment and Training Administration, 80 percent of the new jobs created since 1992 require some degree of post-secondary training or education, driven largely by technology and the tremendous growth in knowledge workers who now account for a third of the U.S. workforce (DeRocco, 2003). Workers in traditional blue-collar industries now more than ever need specialized training to operate advanced robotics and computerized production lines. Rental car clerks and delivery drivers all carry highly advanced hand-held wireless devices. It’s a new world of work.

There is also a dark side to the future. GPS (global positioning system) technology, for example, is finding its way into new applications at an astonishing

rate. Using GPS technology, company vehicles or rental cars, cell phones, PDAs, notebooks computers, can all be continuously tracked. An HR Forensics expert examining emails and web behavior can learn a lot about someone. For the most part, in this era of hyper security, that's a good thing. But some employees may feel as though the "Big Brother" is looming ever larger with the continued erosion of privacy in the workplace.

To achieve this widely held vision, technological and human barriers need to be overcome. As technology continues to transform talent management practices, the approach that human resource organizations will come to adopt to create a connected infrastructure may be largely dependent on how well they guide their overall organization in its reaction to technological change. Great companies respond to technological change with thoughtfulness and creativity, driven by a compulsion to turn unrealized potential into results; mediocre companies react and lurch about, motivated by a fear of being left behind (Collins, 2001).

5.1 Challenges before Talent Management

1. Attracting and retaining enough employees at all levels to meet the needs of organic and inorganic growth. All companies are facing a talent crunch. Essar, for example, has grown from 20 thousand employees to a staggering 60 thousand in the past 3 years. Fifty-five percent of their employees have less than two years of tenure.
2. Creating a value proposition that appeals to multiple generations. With four generations in today's workplace, most companies are struggling to create an employee experience that appeals to individuals with diverse needs, preferences and assumptions. The Gap, for example, has 153,000 people in its workforce. The stores have a high percentage of Gen Y employees, while corporate roles and leadership ranks are primarily made up of Gen X'ers and Boomers. How does one create a compelling employee value proposition for the organization?

3. Rounding out the capabilities of hires who lack the breadth of necessary skills for global leadership. It's relatively straightforward to identify and assess experts in specific functional or technical arenas, but much more difficult to determine whether those individuals have the people skills, leadership capabilities, business breadth and global diversity sensibilities required for the nature of leadership today. Increasingly, the challenge of developing these broader skill sets falls to the corporations. Essar has formed an academy specifically to develop and groom its own leaders.
5. Transferring key knowledge and relationships. The looming retirement of a significant portion of the workforce challenges all companies, but particularly those who are dependant on the strength of tacit knowledge, such as that embedded in customer relationships, a key to Mercer's business success.
6. Stemming the exodus of Gen X'ers from corporate life. A big threat in many firms today is the exodus of mid-career talent – people in whom the organization has invested heavily and on whom it has pinned its hopes for future leadership. For example, developing talent management practices and programmes calibrated to leverage technology and create greater work/life balance has been a priority for Mercer over recent years.
7. Redesigning talent management practices to attract and retain Gen Y's. The challenge of calibrating talent management practices and programmes to attract and engage our young entrants is critically important to all firms and particularly so for firms that depend on a strong flow of top talent, such as professional service firms like Mercer. All three panelists it had consulted agreed that making the business infrastructure more attractive to Gen Y was a high priority.
8. Creating a workplace that is open to Boomers in their "second careers." Age prejudice still exists, but smart companies are looking for ways to incorporate the talents of Boomers and even older workers in the workforce. In many cases, this requires rethinking roles and work relationships.

9. Overcoming the “norm” of short tenure and frequent movement. Some industries, such as specialty retail, are known for having a very disposable view of talent. Companies intent on changing that norm, such as the Gap, must address both external influences in the marketplace and an internal mindset. The Gap believes that retaining employees in roles for 3+ years will be a key to their future earnings growth.
10. Enlisting executives who don't appreciate the challenge. Many talent executives complain that business leaders still believe that people are lined up outside the door because of the power of the company's brand. The challenge of enlisting the support of all executives for the transition from a talent culture that has traditionally operated with a “buy” strategy to one that places more emphasis on “build” is widely shared.

6.1 Conclusion

People are the last weapon of competitive advantage in the global market today. No matter what your industry, company, or nationality, there is a battle-ready competitor somewhere who is busy thinking how to beat you. Products can be quickly duplicated and services cheaply emulated – but innovation, execution, and knowledge cannot. The collective talent of an organization is the prime source of its ability to effectively compete and win. In the new economy, competition is global, capital is abundant, products are developed quickly and cheaply and people are willing to change jobs often. In this kind of environment, smart, committed and experienced people who are technologically literate, globally astute and operationally agile are the new competitive advantage. And even as the demand for this talent goes up, the supply of it will be going down. As a result, an unprecedented shift is occurring. Organizations are increasingly recognizing the need to radically change the role of their Human Resource function. Today, there is a progressive movement to transform the HR function and establish a Human Capital Management (HCM) environment that truly leverages the workforce as a competitive weapon. Organizations leading the way in HR transformation are focusing less on administrative aspects and more on strategic issues. Talent management tops the

list as a strategy for radically improving workforce productivity in order to derive to higher value for the organization.

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