

Chapter 9

Talent Management

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ABSTRACT

Changing of the world scenario, blurring boundaries in international and national markets and shifts in demographic profile of people have opened a new chapter of management thinking on 'strategies for retention of talent'. Skill unavailability, employee poaching, high costs of training and development, absolute necessity of international exposure are the alarming signals for organizations to shrug off their complacency- nap and get going for talent management. Talent Management is a wide function encompassing strategic planning, talent staffing, development-focus, performance management, compensation management etc. to manage retaining talent in the organization. This review paper is an attempt to throw some light on this vista.

INTRODUCTION

'Talent management' is becoming an area of growing concern in the field of human resource management. Retention of good employees and the role that various factors have in an employee's decision to stay or leave an organization are much sought-after themes of contemporary management research. Talent management is an espoused and enacted commitment to implementing an integrated, strategic and technology-enabled approach to human resource management. This commitment stems in part from the widely-shared belief that human resources are the organization's primary source of competitive advantage; an essential asset that is available in increasingly short supply every passing day!

Talent management refers to the anticipation of required human capital for an organization and the planning to meet those needs. The field increased in popularity after McKinsey's 1997 research and the 2001 book on *The War for Talent*. Talent management is the science of using strategic human resource planning to improve business value and to make it possible for companies and organizations to reach their goals. Talent Management refers to the process of attracting, selecting, training, developing and promoting employees through an organization. In other words it is the process of creating tenacious (T), alluvial (A), laborious (L), empowered (E), noteworthy (N) and trained (T) workforce members. The organizations aims to develop people who are persistent in their efforts, whose potential is cultured over

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Talent Management

years, who are hard-working, who can be given power, who make notable contributions and who are mentored and trained by the organization as its valued members. Managers who focus on developing talent in-house ensure their employees have the tools and resources they need to perform well, receive proper compensation and transition to leadership roles. Internally developed leaders are valuable assets because over time they have developed the necessary core competencies and internalized company values. A talent-management strategy needs to link to business strategy to make sense.

From a talent management standpoint, employee evaluations concern two major areas of measurement: ‘performance’ and ‘potential’. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee’s potential, meaning an employee’s future performance, if given the proper development of skills and increased responsibility.

This term “talent management” is usually associated with ‘competency-based management’. Talent management decisions are often driven by a set of organizational core competencies as well as position-specific competencies. The competency set may include knowledge, skills, experience, and personal traits (demonstrated through defined behaviors).

A talent marketplace is an employee training and development strategy that is set in place within an organization. It is found to be most beneficial for companies where the most productive employees can pick and choose the projects and assignments that are ideal for the specific employee. An ideal setting is where productivity is employee-centric and tasks are described as “judgment-based work,” for example, in a law firm. The point of activating a talent marketplace within a department is to harness and link individuals’ particular skills (project management or extensive knowledge in a particular field) with the task at hand. Examples of companies that implement the talent marketplace strategy are American Express and IBM.

In adverse economic conditions, many companies feel the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization. Selection offers a large return on investments. Job analysis and assessment validation help enhance the predictive power of selection tools. However, within many companies the concept of human capital management has just begun to develop. With more companies in the process of deepening their global footprints, more questions have been asked about new strategies and products, but very few on the kind of leadership structure that will bring them success in their globalization process. “In fact, only 5 percent of organizations say they have a clear talent management strategy and operational programs in place today.”

The environment for most organizations today is global, complex, dynamic, highly competitive, and extremely volatile, and is likely to remain so for years to come. In addition to these external conditions, most organizations are also facing several global challenges including those related to: talent flow; the managing of two generations of employees, viz., older or mature workers and younger workers; and a shortage of needed competencies. One major result of these challenges for organizations is that they have to be global and that they have to be systematic in managing their human capital if they wish to have any hope of gaining and sustaining a competitive advantage in the years ahead. Many human resource practitioners, academicians and consultants are now recognizing this. The new area is referred to as “global talent management”.

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