

## Talent Management: A Critical Review

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**Abstract:** Talent management is about getting the right people in the right jobs doing the right things. This requires predicting how employees will act in the future and getting them to act differently from how they acted in the past. Neither of these is easy. This paper provides employee behavior and provides 10 basic truths about employee behavior. These truths can be thought of as principles for successful talent management and will significantly improve the effectiveness of any talent management initiative.

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### I. Talent Management:

The field of talent management covers a range of HR functions focusing on attracting, retaining, managing, and developing high quality workforces. It includes performance management, staffing, compensation, learning management, employee development, and succession planning. The growing interest in talent management is primarily a result of increasing recognition of the impact talent management practices have on business growth and profitability and the role talent management plays for dealing with the shortage of skilled labor in the workforce.

The end goal of talent management initiatives is to help get the right people in the right jobs doing the right things to make a business succeed. This goal may sound straightforward, but it is often extremely difficult to achieve. Why? Because to be successful talent management processes must effectively predict and change the day-to-day behavior of individual employees. Predicting and influencing human behavior is difficult.

Companies must constantly return to these 10 principles when designing and evaluating talent management methods or risk creating talent management systems that may work on paper, but won't work with people.

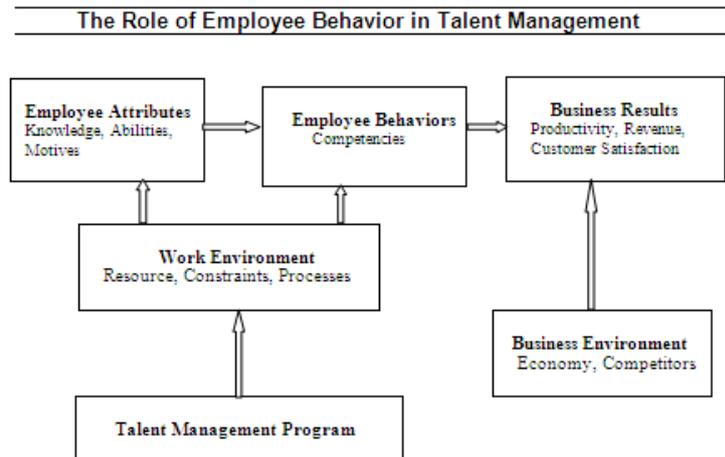
#### The role of employee behavior in talent management

The ultimate goal of talent management is to improve business results. Figure illustrates how talent management programs actually do this. The upper right corner in the figure shows what talent management programs are ultimately designed to influence:

**Business results**, which are driven by factors within and outside of the control of the organization. Factors outside the control of the organization include things like competitor activity, economic market conditions, or government legislation. Factors within the control of the organization include things like business strategy, organizational structure, or workplace policies. One factor that companies can influence that has a major impact on business results is the behavior of their employees. Aligning employee behaviors with a company's business needs is the basic goal of talent management

Talent management practices, whether focused on staffing, compensation, performance management, or career development all share the same goal of aligning employee behaviors to support the company's business strategies and objectives. But talent management practices do not impact employee behavior directly.

**Employee behaviors** are determined primarily by enduring attributes of the employees themselves (e.g., beliefs, knowledge, attitudes, abilities, skills and motivation). These attributes are shaped by individual differences between employees related to their personality, ability, and values, as well as aspects of their work environment such as incentives, resources, and coworkers. This is where talent management comes in to play. What talent management programs do is encourage the hiring of certain kinds of employees and the creation of certain kinds of **work environments**. If done correctly, these programs increase the likelihood of employees displaying on-the-job behaviors that drive business results.



Talent management methods increase the probability that employee will display behaviors that align with the company's overall strategic direction. Over time, these employee behaviors lead to improved business results.

While understanding employee behavior can be confusing, talent management is not as complex as it might seem. The key is to design and deploy talent management systems with a good understanding of the basic factors that influence employees' actions at work. This means implementing talent management systems based on how employees truly behave, and recognizing and accepting that this may be quite different from how we might wish they would behave.

## II. Fundamental Principles for Effective Talent Management:

Talent management broadly refers to strategic HR programs designed to maximize workforce productivity. The field of talent management covers a range of HR functions focusing on attracting, retaining, managing, and developing high quality workforces. It includes performance management, staffing, compensation, learning management, employee development, and succession planning. The growing interest in talent management is primarily a result of increasing recognition of the impact talent management practices have on business growth and profitability and the role talent management plays for dealing with the shortage of skilled labor in the workforce.

The end goal of talent management initiatives is to help get the right people in the right jobs doing the right things to make a business succeed. This goal may sound straightforward, but it is often extremely difficult to achieve. Because to be successful talent management processes must effectively predict and change the day-to-day behavior of individual employees. Predicting and influencing human behavior is difficult.

Ten of the principles that should be considered when developing any form of talent management system are roughly listed in order of importance as Core Principles: The ROAD to workforce productivity and Principles for World Class Talent Management.

### 1. Respect Employees:

The easiest way to ensure employees feel respected is to make sure managers regularly talk with them about their jobs and what the company could do to help them achieve their goals.

### 2. Clarify Objectives:

Clarifying objectives requires clearly defining and communicating the goals employees are expected to achieve in their jobs. One of the most effective ways to maximize workforce productivity is to tell employees exactly what it is you want them to do (Locke & Latham, 2002).

There are many ways to establish and communicate goals. One technique is to use "cascading goals" software that allows organizational leaders to set strategic objectives and then communicate these to people throughout the organization.

### 3. Increase Awareness:

Learning from experience cannot occur unless employees understand how their behaviors are affecting their performance. This requires providing performance feedback that increases employee awareness of what they need to change and why it is important. Providing performance feedback is one of the most critical and most difficult elements of talent management. It is about giving employees information that both increases their awareness of what they need to change and increases their confidence in their ability to change. Feedback is not

simply a matter of telling people how to improve their performance. It must inspire them to become more effective.

**4. Develop an integrated, proactive talent management strategy:**

View “employer of choice” status as an outcome of coherent corporate culture rather ad-hoc programs.

These 4 principles are particularly critical. They are necessary to create any sustainable change in employee behavior. To emphasize their criticality, these four principles have been given the acronym ROAD (Respect, Objectives, Awareness, Dialogue) because they represent the ROAD for creating a fully productive workforce. These four principles establish the foundation for effective talent management

**5. Maintain Accountability:**

Talent management processes that maintain accountability improve workforce productivity in two major ways. First, they align employee behaviors with business goals by creating connections between what people do on the job and what they receive from the company. Companies can take advantage of this basic truth by ensuring that people see clear connections between what they do on the job and the rewards they receive from the company. This requires establishing, communicating, and following processes that directly link employee performance to pay, job opportunities, promotions, and other employment decisions.

Maintaining accountability also increases employee commitment toward the company by creating an organizational culture that is perceived to be more fair and equitable. Companies often build reward systems primarily around a few specific business objectives while ignoring other important aspects of the job.

**6. If it doesn't measure business impact, it's just a distraction:**

Companies need to measure outcomes — whether in production, sales or talent management — that affect business success. A large, global pharmaceutical company recently analyzed its talent management program for measurable impact. The firm assigned a group of mid- and low-senior-level managers to review all 14 of its talent management processes and the different data elements collected. If the managers could not tie a process to its tangible impact on business performance, they eliminate the program. Those programs that could be tied to business performance were then massively simplified. Across the organization, the company went from having 14 separate programs to just three simpler processes. Shifting to this measurement-driven approach is fundamental to ensuring that talent management makes a real difference in the organization.

**7. Build adaptable skills. Prepare future leadership for any situation:**

The trend to build adaptable skills has been in the works for some time, but the reasons behind the trend have been greatly solidified by the current financial crisis. For decades, talent searches focused on generic leadership skills: driving results, overcoming adversity and demonstrating superior communication abilities. During the recession, companies quickly learned that almost everyone could communicate. More important, while communication skills might help employees be more effective in their job.

**8. Simplify performance management, and measure impact instead of goals many companies ask where to begin when redeveloping talent management:**

There is an obvious connection between getting day-to-day performance right and driving better company results — critically important in today's economic environment. What's more, goal setting and performance management are the two most direct ways for management to communicate with employees about objectives. Performance management also helps clarify an employee's role, while focusing employee development on competencies that determine the organization's success. Finally, by linking reward outcomes to individual performance, effective performance management allows employers to realize their philosophy surrounding pay for performance.

**9. Support People at Different Phases of Career Growth:**

Most professional employees follow relatively predictable career growth patterns (Arnett & Tanner, 2006; Arthur et al., 1989). This starts with career exploration that typically occurs when people are in the early to mid twenties. This phase is characterized by moving through a series of positions to find the type of job or company that best suits the person's talents and interests. The next phase is focused on career advancement.

Employees in this phase put considerable energy into developing specialized skills and moving to positions of increasing responsibility. When employees enter their 30's and 40's their focus often shifts to one of career stabilization as they take on commitments outside of work associated with raising a family or becoming more involved in their communities. Employees in this phase are still interested in advancement, but may be reluctant to pursue opportunities that require making major changes to their lives outside of work. Many employees then move into more of a mentoring phase of their career. Employees in this phase are more

interested in leveraging their accumulated knowledge and experience as opposed to advancing to positions of increasing responsibility. The final phase is one where employees increasingly transition their focus away from work to other interests outside of the workplace. Employees may not want to retire completely, but they are no longer willing or interested in jobs that prevent them from engaging in other life pursuits.

#### **10. Evaluate Potential and Experience:**

The goal of talent management practices such as staffing and succession planning is to predict what employees will do in the future if placed in certain positions. There are two basic ways to do this. One is to measure people's past accomplishments and performance and use this to predict their future performance. This approach is based on the fact that one of the best predictors of future behavior is past behavior in similar Situations. Another way to predict future performance is to use psychometrically designed assessments that measure underlying attributes related to various personality and ability traits. When appropriately designed and applied, these assessments are often the single most accurate predictors of future employee performance.

### **III. Drive For Organizational Success**

In a competitive marketplace, talent management is a primary driver for organizational success. Broadly defined, talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs.

#### **Drivers for Talent Management**

To gain competitive advantage, the demand for human capital drives talent management. Talent management strategies focus on five primary areas: attracting, selecting, engaging, developing and retaining employees. Although pay and benefits initially attract employees, top-tier leadership organizations focus on retaining and developing talent

Talent management is also driven by the anticipated skills shortage in the coming years. While not all organizations, industries and professions will experience a lack of skills, organizations are already competing for talent. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage. The anticipated loss of talent in the next decade will vary by organization size, sector and industry. For example, large organizations— as compared with small and medium companies— are more concerned about loss of talent from the retirement of the baby boom generation, and public and government organizations are more concerned about the loss of potential talent than private companies.

To keep a valued employee, the easy answer is not merely compensation.

- Employee loyalty tends to be more directed to his or her professional skills rather than to the organization.
- Rewards and recognition also help both to retain talent and to improve performance. A Carlson/ Gallup study on employee engagement and business success showed that employees who were extremely satisfied at work were four times more likely than dissatisfied employees to have a formal measurement process in place as well as receive regular recognition.
- Make sure employees know the behavior you expect. How often do you ask employees what they are trying to do when they deal with customers or colleagues? You can't communicate too often.
- Tell stories and make heroes. The power of "employee of the week" is one part reward and recognition, ten parts education and communication. Are you getting the full benefit by sharing examples of what top employees do differently to deliver and reinforce the talent brand?
- Assess potential employees based on the talent brand you need, not the usual suspects. How many organizations focus on where employees went to University, or their grades, test scores or other variables that are not very well related to what you really want - a consistent customer experience?
- Train to the talent brand, not just the skill set. What are the skills and behaviors that define the talent your organization needs to achieve its goals and ambitions?

Thus, to best attract, engage, develop and retain talent, those who have responsibility or talent management must understand what is important to employees.

#### **Succession Planning Management**

Investment in human capital requires careful planning. Under the talent management umbrella, succession planning and leadership development are important organizational business strategies to develop and retain talent. Ability to quickly identify talent for open positions. Organizations are recommended, however, to carefully evaluate which talent management technology program best fits their current and future needs.

### **Challenges of Global Talent Management**

Global competition for skilled workers is keen, worldwide; many employers are experiencing a talent shortage. A survey of nearly 33,000 employers in 23 countries reveals that 40% are struggling to locate qualified candidates.<sup>37</sup> With the liberation of trade policies, transnational companies moving production to low-cost areas and the corresponding growth of global supply chains, increased globalization has resulted in socio-economic and cultural challenges. Further, talent now takes many forms, from migrants crossing borders (temporarily or seeking new homes), students gaining degrees and expatriates on assignment to tourists, refugees and business travelers. Consequently, the demand for skills has countries working hard to develop policies that will attract talent with human and technological skills to support economic growth, retain talent and even reverse talent migration.

According to the Survey of Global Talent Management Practices, the most effective processes for identifying talent and increasing visibility of high potential candidates are assessment processes with open and frank discussions.

### **IV. Conclusion**

Business models that worked well in the past are quickly becoming outdated as a result of technological innovations, evolving marketplaces, and shifts in the world economy and population. The concepts pointed out in this paper are not new. They reflect long standing findings based on extensive research. However, companies frequently fail to incorporate these fundamentals into their talent management practices. For talent management, the fundamentals are the 10 things listed. If you create processes that reinforce and support these fundamental principles then you will see a steady and lasting improvement in workforce productivity.

Companies that master talent management will be well-positioned for long-term growth in workforce performance for years to come.

It is management, therefore, not HR, who should feel responsible for ensuring that the company defines clear job roles – outlining necessary skill levels and competencies for each – and determine the appropriate incentives, rewards and compensation by which success will be measured. In many leading organizations, management establishes the necessary parameters which ensure that the organization has the right person with the right skills in the right job at the right time to reach strategic goals at all levels.

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