

*Increasing
Organizational
Effectiveness Through
Better Talent
Management*

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Abstract

Talent management is important in current business climate as organizations need structures and systems that stimulate further improvements to their productivity, profitability and service quality. However, within many organizations talent management is just developing and there are no clear talent management strategies and operational programmes. With more organizations trying to deepen their global footprints, there is need for leadership structures ensuring success. Adverse economic conditions are ideal environments to execute talent management systems to optimize performance. This paper examines the attractions and challenges of talent management. Talent management increases the effectiveness of recruitment; performance management; learning and development; and compensation management. It integrates in advantageous ways; outlines programmes for those moving to new positions; focuses on employee potentials and future performances. The thrust is a more efficient and effective recruiting process through "competency based" recruiting, developing managers and leaders, creating sustainable leadership pipeline, identifying competency gaps to provide development programmes to fill the gaps. It uses the gaps to hire the right people; managing them in a way that everyone is aligned, accountable, and paid fairly; identifies high performers and successors to key positions to ensure high organization flexibility and responsiveness. It directly benefits revenue generation, innovation, productivity, quality, customer satisfaction, market value, employee loyalty and commitment.

Keywords: Talent, Management, Increasing Organizational, Effectiveness

1. Introduction

Attracting and retaining the best human resources gives an organization commercial advantage and the talent needed for future success. Achieving this depends among others on effective talent management to unlock the potentials of those who can take on the most challenging roles. Talent Management has become an important issue in corporate human resources and training today. In today's business world consumers are more demanding and the lifestyle expectation of the whole population has increased steadily and continues to rise. With higher expectations and more choice, the individual consumer is less tolerant of poor products and services and is more vocal in expressing dissatisfaction. The industrial consumer is less willing to condone failure. There is also increased pressure to deliver shareholder value. The need to gain competitive edge in this highly competitive environment, has given rise to various strategies and management techniques for effectiveness and efficiency. The increased competitive aspects and the importance of increasing bottom line performance have caused management to seek solutions such as talent management which is seen as being contributory to organizational efficiency and effectiveness.

Talent management has moved to the top of the CEO's agenda. Deloitte (2012) reports that in a 2012 global survey of CEOs, 53 percent of them agreed that insufficient talent within their organizations could harm them financially over the next year. The number expressing financial concerns rose to 67 percent at organizations with more than 1,500 employees. Also 83 percent of human resource and business executives suggested that talent programmes need to be improved. These statistics supports the increased pressure on human resource leaders to make the right talent decisions for their organizations and to source the right talent management systems to maximize the value of their workforce.

Studies on the value of talent management consistently uncover benefits in critical economic areas such as revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalization. The mindset of this more personal human resources approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention.

Talent management has to do with an organization's commitment to recruiting, retaining, and developing the most talented and superior employees available in the labour market. It describes an organization's commitment to hiring, managing and retaining talented employees and involves all of the work processes and systems that are related to retaining and developing a superior workforce.

The talented people who are more needed by an organization are oftentimes also the best at weighing benefits, choosing jobs and employers and disengaging if the organization falls short of expectations. While the loss of talent through non-management and mis-management is an obvious cost to an organization, the systemic failure to optimize talent development through the contribution, length of service and morale of employees constitutes a steady and invisible drain. The paper examines the development of talent management and explores key issues associated with the implementation of talent management as well as its prospects and challenges to present a realistic idea of what can be achieved through effective talent management.

2. The Concept Of Talent Management

Talent management constitutes an important topic in the current business climate as organizations are looking to structures and systems to stimulate further improvements to their productivity, profitability and service quality. Managers and organization members universally explore ways to improve business results and profitability. It strives to improve organization results. McKinsey (2011) indicates that while the relationship between human resource development and organizational effectiveness has been established since the 1970s talent management became increasingly formalized in the early 2000s. In the 1970s and 1980s the business function which was responsible for people was referred to as "The Personnel Department." Its functions

included hiring people, paying them, and making sure they had the necessary benefits. By the 1980s and 1990s, in realization of the really important role of the human resource function in organizations, the idea of strategic human resource emerged with attendant functions like recruiting the right people, training them, helping the business design job roles and organization structures (organization design), developing "total compensation" packages which include benefits, stock options and bonuses, and serving as a central point of communication for employee health and happiness.

However, while strategic human resource is currently still a major focus, there are new sets of strategic issues. These new, more challenging problems require new processes and systems. Consequently, organizations are starting to buy, build, and stitch together talent and performance management systems, succession planning systems, and competency management systems with the human resource function becoming integrated with the business. Talent management implies that organizations are strategic and deliberate in sourcing, attracting, selecting, training, developing, retaining, promoting, and moving employees within the organization.

There are wide variations in how talent management is defined across diverse sectors, and organizations often prefer to adopt their own interpretations. However, talent management involves the systematic attraction, identification, development, engagement, retention and deployment of individuals of particular value to an organization, either due to their 'high potential' for the future or because they are fulfilling business and or operation-critical roles. It is not sufficient just to attract individuals with high potential but it is imperative to develop, manage and retain them as part of a planned strategy for talent. In addition, the need arises to adopt systems to measure the returns on this investment. Organizations must appraise the 'talents' of all organization members and work on developing their strengths.

Talent Management anticipates required human capital and sets a plan to meet those needs. It employs strategic human resource to improve business value and make it possible to achieve organization goals.

Talent management strategy must however be harnessed to the business strategy to make sense. Talent management is often linked with competency-based management and its decisions are often driven by a set of organizational core competencies as well as position-specific competencies. The competency set includes knowledge, skills, experience, and personal traits. Talent management involves human resource programmes that apply to the strategy of recruitment and retention, compensation and assessment and review. Though most organizations put tremendous effort into attracting employees many do little about retaining and developing talent. A talent management system must be worked into the business strategy of an organization and implemented in its daily processes and practiced at all levels of the organization. Talent management focused practitioners and organizations focus on the role of managers for the life cycle of employees within

an organization. It gives managers a significant role and responsibility in the recruitment process and in the ongoing development and retention of superior employees. While some organizations only include top potential employees in the talent management system others include all employees in the process.

Bersin (2010) asserts that there are “four pillars” of talent management namely recruitment; performance management; learning and development; and compensation management. Talent management systems focus on providing strategic assistance to organizations in the accomplishment of long-term enterprise goals with respect to talent, or human capital. Bersin defines talent management as the implementation of integrated strategies or systems designed to improve processes for recruiting, developing, and retaining people with the required skills and aptitude to meet current and future organizational needs.

Talent management is a business strategy which must be fully integrated within all of the employment related processes of an organization. Attracting and retaining talented employees, in a talent management system, is the job of every member of the organization, but especially managers who have reporting staff (talent). An effective strategy also involves sharing information about talented employees and their potential career paths across the organization to identify available talent when opportunities are made or arise.

For large organizations especially, talent management may require Human Resource Information System (HRIS) that track the career paths of employees and manage available opportunities for talented employees. Advances in human capital management technology mean that with the right talent management system in place, HR leaders can implement world-class recruiting strategies in their organizations and generate the insights needed to drive quality of hire, internal mobility and a proactive approach to building talent pipelines. However to take advantage of these capabilities, leaders need to ensure they are covering the full talent management spectrum and connecting the dots between different stages in the employee lifecycle.

3. Objectives Of Talent Management

Having the right executive talent in place-ready to move to the top when needed-is critical for future business success. The first objective of talent management therefore is to attract and retain qualified employees. Without quality employees an organization cannot achieve its full potentials. Recruiting workers is a difficult task, especially in times of low unemployment. Recruitment and retention often depend on the adequacy or competitiveness of compensation packages. The packages must be carefully scrutinized based on industry standards. In addition to pay which is probably the most important of the compensation package there are benefits such as health insurance, vacation, flexible packages and telecommute options which can also be very

attractive for some positions and play significant roles. Talent management therefore finds out what compensation packages are needed and then sees if those, or something similar, can be offered.

The second major objective of talent management is integrating employees that have been recruited in a way that is most advantageous to the organization. This may involve creating non-traditional positions or creating positions that are shared among two or more individuals. Position sharing takes the focus away from individuals and personalities, but requires more communication between those sharing the position. Further, integration also implies finding educational opportunities, whether as part of the normal work environment or through continuing education. Talent management, therefore, aims not only to find talents, but to educate and mould them in ways that they are most beneficial to the organization. This goes beyond organizations offering some sort of continuing education through formalized classes or occasional workshops to include a concerted effort of education through regularly scheduled sessions meant to achieve certain standards. The benefits of this education are often quantified in a number of ways, which may include knowledge assessments and practical work assessments.

Talent management also outlines programmes for those moving to new positions, such as the case with promotions. This is often a very volatile time for employees, who are moving from positions they know to positions they will not be as familiar with, and can cause a lack in productivity. Exploring ways to make those transfers and movements as painless as possible and providing the necessary resources to those employees is critical to maintaining a seamless operation. In addition, talent management focuses on an employee's potential and future performance, if given the proper development of skills and increased responsibility.

The thrust of talent management is exploring ways of making the recruiting process more efficient and effective by using "competency based" recruiting, developing managers and leaders to reinforce culture, instil values, and create a sustainable leadership pipeline, identifying competency gaps so as to provide training, e-learning, or development programmes to fill the gaps.

It also involves using the gaps to hire just the right people; managing people in a consistent and measurable way so that everyone is aligned, held accountable, and paid fairly; identifying high performers and successors to key positions throughout the organization to ensure that the organization is highly flexible and responsive; as well as providing learning that is relevant, flexible, convenient, and timely.

Furthermore, talent management integrates the needs of the individual with that of the organization in order to create an environment in which individual talent can be aligned with the current and future talent needs of the organization. Developing purposeful talent management entails working with leadership teams to

understand the critical talent ability and capability required to achieve organizational purpose and then designing and developing strategies to ensure the organization can recruit, retain and develop the talent it currently needs to deliver performance now and in the future.

A well-planned talent management strategy directly benefits revenue generation, innovation, productivity, quality, customer satisfaction and market value. Employee loyalty and commitment (a natural source of leadership succession) is achieved by carefully nurturing talented people, ensuring that they are supported through transitions and challenging assignments, with worthwhile tasks and personal development.

5. The Talent Management Process

Organizations are made up of people who create value through proven business processes, innovation, customer service, sales, and many other important activities. As an organization strives to meet its business goals, it must make sure that it has a continuous and integrated process for recruiting, training, managing, supporting, and compensating these people. There are many approaches to managing talent ranging from identifying and coaching brilliant people to deploying them correctly and keeping them engaged. The approaches must work together in harmony, challenging convention where necessary, to develop the right solution for exceptional, long-lasting results. While talent management is often a process handled over multiple departments, in some cases, it may be solely handled by the human resource department.

Lombardo and Eichinger (2001) puts forward the following as steps in a talent management programme.

First is *Obtaining Management Commitment*. This involves an identification of current problems and challenges; an evaluation of current approaches to handling them in comparison with what other organizations do and the policies to be put in place. Second is *Reviewing Organization Business Plan*. This deals with identification of organization direction, tying talent needs to organization direction and looking at current and future needs. Third is *Establishing a Systematic Programme*. This entails clarifying roles, preparing policies and procedures, setting up recordkeeping systems, identifying target groups, conducting legal review of programmes and addressing communications strategies. Fourth is *Identification of Covered Positions*. This involves identifying the levels the plan will cover; whether there will be more than one talent pool; the backups needed to account for: turnover, poor performance and poor matches. The Fifth involves *Developing Talent Needs*. This can be done by analyzing jobs and tasks, reviewing or preparing position descriptions, developing competency lists, identifying work values for positions and looking at current and future needs. The Sixth is *Employee Profiling* which entails looking through performance records and considering levels of performance, breadth of expertise, learning agility and skills acquisition among others. Seventh is *Matching Employees to Needs* which will include the high-potentials, the steadies, the iffies and the nots. Eighth is the

Identification of Gaps and Potentials. This involves determining the line of action for organization members who are ready and deciding what will be done for those not ready now. It entails answering questions like whether they can be developed, should be developed, how to develop them and the duration of the development programme. Finally decision will also have to be taken on what happens to those who are never ready. Ninth is *Setting Development Goals.* Here, likely activities are established, a timeframe is set, resource needs are determined, measurements are set and action is agreed upon. The tenth step is *Implementing the Programme of Development.* This stage among others clarifies manager's roles, establishes mentoring programmes, and assigns career coaches. In addition, *Progress and Adjustments* must be measured. Schedule should be set for feedback and progress must be periodically reviewed. There must be mental agility and arising from the level of progress, activities should be adjusted as needed.

In the same vein, Bersin (2010) identifies an eight step talent management process which begins with *Workforce Planning.* Workforce planning establishes workforce plans, hiring plans, compensation budgets, and yearly hiring targets integrated with the business plan. Next is *Recruiting.* An integrated process of recruiting, assessment, evaluation, and hiring ensures that the business brings people into the organization. This is followed by *Onboarding* through which the organization trains and enables employees to become productive and integrated into the company more quickly. In addition there is *Performance Management* through which the organization establishes processes to measure and manage employees guided by the business plan. There is also the critically important function of *Training and Performance Support.* This provides learning and development programmes to all levels of the organization. Next is *Succession Planning.* Arising from evolutions and changes in the organization, the need continuously arises to move people into new positions. Succession planning enables managers and individuals to identify the right candidates for a position. There is also *Compensation and Benefits* which is an integral part of people management. It involves an attempt to tie the compensation plan directly to performance management so that compensation, incentives, and benefits align with business goals and business execution. Finally comes the *Critical Skills Gap Analysis* which is an important but often overlooked function in many organizations. This is "business-critical" involving identifying the roles, individuals, and competencies leaving an organization and how to fill the gaps. It involves "critical talent management".

Impact (2011) identifies four stages of effective Talent Management. First is *Strategy Development.* A well prepared, strategic design of talent management solutions involving all key business stakeholders gives an organization a clear road map in creating a culture of talent recognition, development and retention. Second is *Design* which has to do with human resource professionals creating operational solutions for talent management, covering in their design attraction, selection, development and engagement based on the strategic guidance developed. Third is *Implementation.* This involves delivering the Talent Management

architecture with a focus on ensuring the right levels of energy and motivation of all stakeholders. Fourth is *Evaluation and Recommendation* which concludes the process.

6. A Holistic Approach To Talent Management

This paper posits that using a holistic approach, human resource practitioners can manage everything from recruiting, compensation, goal and performance management to employee learning and talent review, in a single, cohesive system. Strategic talent management requires looking at the big picture rather than, for instance, having great recruiting strategy but later losing top recruits due to a lack of employee development; having the right leaders for organizational success now but being thrown for a loop when one of them leaves at a crucial time, with no replacement in sight.

Talent Management should cover the key milestones in the employee lifecycle namely: sourcing and recruiting, performance and goal management, compensation, succession and talent review, and learning and development which should connect seamlessly to one another and co-exist in harmony with existing human capital management platform to achieve a cohesive experience, clean consistent data and complete insight into the workforce. It should: attract, retain and motivate top talent with flexible, workflow-driven talent management; align individual goals with corporate goals and provide clear visibility into how each employee contributes to the success of the organization; drive a strategic, end-to-end talent management strategy with a single, integrated system for all talent-related activities; leverage social media to broaden recruiting reach, generate high-quality employee referrals and increase employee engagement. The key milestones in employee lifecycle covered in a holistic approach to talent management are:

Recruiting - While the high rates of unemployment in recent years puts many more candidates in the labour market, talent scarcity continues to frustrate recruiters. With effective talent management, organizations source, assess and hire the best talents. By automating and streamlining the recruiting process and delivering unprecedented insight into the success of recruiting staff and strategies, organizations continuously improve talent acquisition efficiency and effectiveness. Effective talent management creates a more intelligent recruiting strategy, pulling high performer profile statistics to create new candidate profiles and using multi-tiered screening and assessments to ensure that only the best-suited candidate applications make it to the recruiter's desk. With tools such as applicant tracking, interview management and requisition management, recruiters and hiring managers can streamline the hiring process.

Social Sourcing - The world has gone social and tapping into social networks effectively could imply the difference between getting the best players and mediocre players. Added to the multi-faceted sourcing

strategy, social sourcing like posting job openings on LinkedIn and Face book helps to broaden sourcing reach and increase employee referrals. Job broadcasts to Face book fans and followers can be auto-scheduled. The social employee referral tool is easy and appealing for human resource practitioners and employees with targeted recruiting campaigns, simple connections to employee networks and clear tracking so employees can see the progress of their referred contacts and get credit for their contributions.

Performance Management - Performance Management supports workers, managers, and business leaders with point-in-time evaluation of worker performance. Workers and managers can easily see where they are in the review process and are provided guidance and decision support in context to help them easily and intelligently complete evaluations.

Goal Management - Goal Management enables organizations to set, track and manage organizational and individual goals and closely align them with the overall talent management process. The holistic approach supports an ongoing performance conversation throughout the year and helps create a culture of employee development. It supports employees in tracking their personal growth and career development by linking goals to competencies, creating goal-related tasks with tangible action items and enabling employees to set both development goals to support their career growth and personal goals. Collaboration among employees is fostered by goal sharing and the ability to link goals to shared work spaces.

Talent Review - This is one of the most strategic processes in an organization but is usually a manual process with many limitations. Preparation for talent reviews is labour intensive, actions are not tracked and follow up and accountability after the review process is generally lacking. This can be adjusted to cut down the manual processes and make every decision actionable by assigning tasks to managers and employees for follow-up. An interactive dashboard can reveal talent ranks based on potential and performance. It also leverages formal and informal data from existing talent profiles. It is important to effectively identify and assess top talent, ensure the best talent is recognized, all talents are fairly assessed and the right talent is developed for the right jobs.

Learning - Employee training has to be relevant to employee and organization goals as well as easy and engaging for the end user. There must be effective delivery, tracking, managing and reporting on all types of formal and informal learning. Specific learning plans can be created tailored to the development needs and opportunities identified in employee reviews.

Workforce Reputation Management-This innovative application is designed to help organizations establish, track, and monitor employee social media policy compliance, while simultaneously providing Human Resources and Recruiting practitioners additional insight into employee and candidate social reputation and influence. It monitors both public external networks like Twitter and Face book, and internal data sources to ensure adherence to organizational social media policies. Again, it provides insight into organizational and individual reputation and influence. It also allows tapping into reputation, influence, and the social network graphs of employees, to facilitate internal team and project building, as well as to discover external talent that fits the organization's current and future needs.

Talent Intelligence - Making the right organization decisions requires knowledge of available talent but many HR leaders have no clear insight due to scattered, inconsistent data and rudimentary analytics. Talent intelligence gives an early warning system, allowing analysis of workforce performance and identification of talent risks in time to take corrective action. It provides complete visibility into organization talent assets, allows acquisition of the right talent into the organization; assigns them to the right roles and commences the development of future workforce.

7. The Prospects Of Talent Management

The talent management process supports individuals and organizations to best match talents and aspirations with business needs. Research into organizations that achieve the highest standards (and retain them over the longer term) demonstrates that the effective management of internal talent is central to success. Effective talent management support results in significant business advantages, such as higher motivation and greater contribution from individuals.

Talent management encourages: finding the right people for today and tomorrow; placing the right people on the 'right seats'; retaining knowledge and experience in competitive markets; stimulating real growth through creative development; developing and deploying talent already in the pipeline as opportunities arise (not after) ; achieving fairness, whilst recognizing individual differences.

Talent management serves as a means of improving corporate performance and achieving competitive advantage. It is a powerful and important trend in human resource management which impacts on organization, use of technology, resource allocation, and measurement. It also impacts systems strategy. Organizations that think carefully about the different types of talent they need, and use tailored packages to motivate and reward different groups of people, perform better than those that do not. A 2010 study by Levensaler and Laurano indicates that total shareholder returns for organizations where talent management is

well embedded can be up to 67% higher than for companies where it is not. Also a (2012) study by Hamerman and Schooley, on how leading sports academies and creative organizations find the talent they need to stay ahead reveals that leading organizations in sports and entertainment owe their success to their ability to find and nurture extraordinary talent.

Talent management improves organization flexibility and performance and also gives the information and tools to plan for growth, change, acquisitions, and critical new product and service initiatives. It is a powerful and important trend in human resource management which changes the organization, use of technology, resource allocation, and measurement. It impacts the roles of the training manager who may need to integrate learning programmes with organization talent management initiative. It also impacts organization systems strategy.

8. Challenges To Talent Management

There are several challenges to talent management. First many organizations fail to make the most of their talents or implement talent development programmes. Organisations measure the value of their capital equipment, the cost and the associated benefit and the utilization of the capital equipment and how much potential they are tapping into. However, the value of human potential and talent in an organisation is often impossible to find because most organizations do not measure those things but only measure cost. They often make assumptions about the people in the organisation that prevents them from tapping into unexplored talent potential and these results in talent shortage or lacks sometimes in key areas. Also organisational talent management processes often focus on a select few and forget about the hidden talent potential in the rest of the organization. Working on the premise that all employees in an organization have talent helps to release the untapped potential in them by providing the tools and techniques required to create the individual's job role around the talents they possess. Talent supported by the things an individual is interested in, can be improved upon by learning and personal development. Talent can be 'wasted' if practice and focus is not given in the area in which an individual possesses a natural gifting.

One of the biggest challenges in implementing talent management is integrating it with business processes. *Purposeful talent management* integrates the needs of the individual with that of the organisation in order to create an environment in which individual talent can be aligned with the current and future talent needs of the organisation. Implementing and supporting talent management in an organization, needs considerable organizational change and consideration of many issues. The entire organization ranging from the team members, supervisors, managers, the organizational structure, culture, work processes, methods, and social

relationships are affected. The depth and scope of the changes implies that talent management is a lengthy process presenting many challenges.

9. Recommendations

Purposeful talent management focuses on understanding the critical talent ability and capability required to achieve organisational purpose and then designing and developing strategies to ensure the organisation can recruit, retain and develop the talent it needs today to deliver performance now and in the future. From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Challenges to purposeful and effective talent management must be addressed. There must be effective integration and communication between existing human resource functions. Training and human resource development should not be carried out in isolation but must align closely with the talent management and recruitment processes. Training and Human resource development programmes should be developed and updated to continuously address problems arising from the talent management process. New entrants to the organization who are hired because of specific competencies should see a set of training offerings which complement and reinforce these competencies. Again, compensation programmes should naturally tie to the talent management process.

In addition, talent management strategies must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the organization should be openly sharing information for employees to gain knowledge of the overall organizational objectives. The talent management strategy may be supported by technology such as HRIS (HR Information Systems) or HRMS (HR Management Systems). Organisations must treat their employees with the same attitude they treat their capital equipment.

10. Conclusion

Talent Management is a natural evolution of human resource management. While a few mature organizations have dealt with some of the processes involved in talent management, many focus on several of the key elements and build an integrated approach over time. It is a "forward-looking" function which is now an essential management practice. Talent management improves organization flexibility and performance and also gives the information and tools to plan for growth, change, acquisitions, and critical new product and service initiatives. While the depth and scope of effective talent management implies that it is a process presenting many challenges, the benefits are enormous and effective talent management provides many benefits to organizations.

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