

Talent Management: Issues and Strategies

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ABSTRACT:- Once Management Guru Tom Peter joked- *If you want to insult an HR manager, ask him whether HR stands for Human Resource or Human Remains in an organization.* Tom Peter might have commented in a lighter vein, but this is the hardcore reality in most of the corporate houses where HR is not performing strategic role and its roles are simply confined to that of a file clerk. Manpower acquisition and retention become the perpetual issue on work place which ultimately put pressure on the available human capital. The business market plays its role impacting the business from the perspective of cost and time. The poor management strategies have their negative consequence on the business stakeholders. Here lies the importance of optimizing the utilization of available talents in the organization. This paper while exploring into the insight of such problem, aggregates the findings of some of the research articles as regard to how the business enterprise can manage the scarce talent resources in the business market characterized by volatility and uncertainties.

Keywords:- Talent Management, VUCA, Interaction Jobs, Employee Engagement and Virtual Organization

I. INTRODUCTION

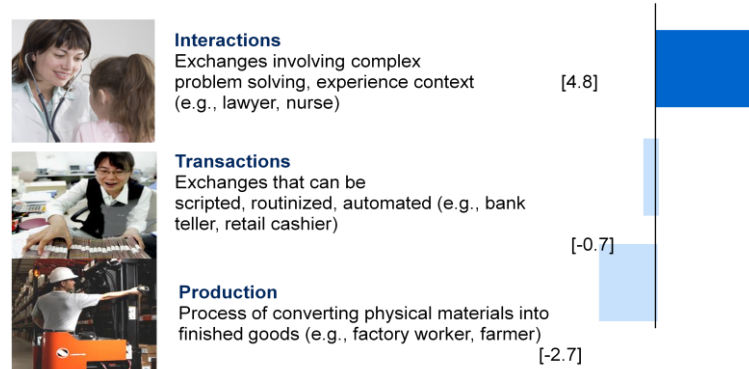
We are living in a society where volatility and uncertainty have become the perpetual discipline. Business as an organ of society is not free from being impacted by such discipline. The dynamic and fast-changing nature of the world we are living today is best described by the term VUCA, coined by the US Army War College which stands for Volatility Uncertainty, Complexity and Ambiguity. VUCA has taken the business at its grip because of the third wave of revolution already taken place in business and society in order to connect the nations across the globe. It will be worthwhile to note that first wave (agricultural development) and second wave (industrial development) limit the growth of the nations which necessitate for the emergence of technological revolution which is aptly describes as *Third Wave* by Alvin Toffler (1980). Third wave ushered the Human Resource to a different direction and it was clearly observed that there was gradual power shift from the hands of the employers to the employees who are better described as knowledge workers in present day business. Mercer's 'What's Working' survey found and validated that out of 13 possible reward elements, Indian respondents say that career advancement is their most important reward element. Base pay is the second-most important followed by training opportunities. Aleem Merchant, director, Synapse Marketing Consultancy Pvt Ltd says, "Reward points in today's scenario get far more complicated than the good old days, where you would have a son coming home to his parents with a box of sweets, proclaiming his salary hike, followed by the entire family breaking into a song and dance of how their lives have changed for good. Today's youth demands are more focused, planned and diverse. A macro point of view for reward schemes seems quite simple and can be generalized, but as you look closer, rewards need to be personalized and customized to suit needs and desires." (www.its.myascent.com, 7 September, 2011)

Employees Career Management becomes the predominant issue in HR practices which is directly associated with the talent management. Market competition has brought about commendable opportunities for the talented personnel to utilize their competencies and enjoy the cream of career advancement. They simply prefer to hop their jobs in case they are made unengaged or disengage themselves. Indeed this results in job dissatisfaction and career plateau. The new workplace expectation has compelled the business strategists to evolve new paradigm for procurement, development and retention of the key workforce.

Corporate houses in developed countries are focusing on improving the productivity and organizational performance of an array of jobs. Advancement of technology and digital communications have facilitated the companies to imbibe automation and reengineering into the system, and outsourced numerous tasks that are used to be performed by full-time on-site employees. Traditional jobs that used to be performed on production floors simply percolated to the next to offices for automation through advanced technology and in many a cases, were outsourced to workers in low-wage countries. Despite all such mobility, a wide gamut of employment remained

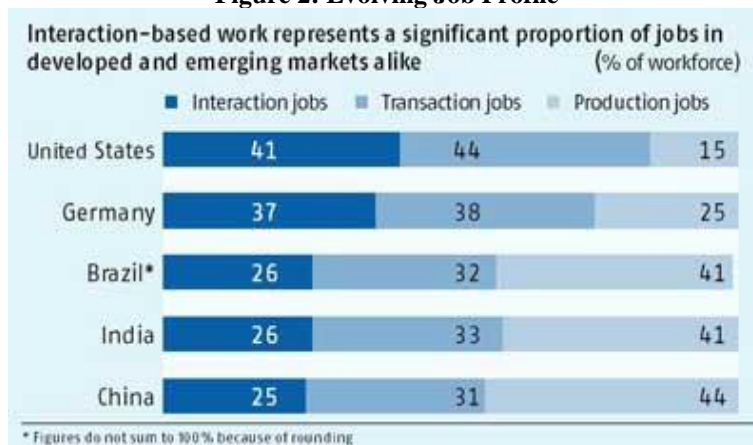
largely untouched: work necessitating extensive human interactions- positions occupied by knowledge workers- the doctors, engineers, lawyers, managers and other skilled professionals who purposefully work together as the engine of the knowledge economy. Research evidence from McKinsey and others envisaged that such interaction workers are the quintessence to the competitive success of business and countries alike.

Figure 1: Technology is changing the nature of work
Most job growth in mature economies involves complex interactions, not routine production or transaction work (New jobs created in the United States, 2001–09 Million employees)



SOURCE: US Bureau of Labor Statistics; McKinsey Global Institute analysis

Figure 2: Evolving Job Profile



Source: McKinsey Quarterly, 2012, as quoted in Business Standard, 'Managing Scarce Talent' Strategist Column, dated Dec 17, 2012.

Interaction jobs are the most rapid-growing employment category in developed countries. In present days, interaction works are going to play vital roles in business sustainability in the wake of rapid global competition, emerging skill shortages, and changing demographics. Such trend, indeed, invokes the companies to use their most highly paid talent more effectively. This corroborated with the evidence from McKinsey Global Institute that revealed that in the United States, the gap is likely to reach 1.5 million graduates by decade's end. Such trend continues to haunt China, where many MNCs have experienced stagnancy of growth plans and shortage of 23 million college-educated workers in 2020. Same trend is also reflected in case of Japan where population growth is stagnant and wide gamut of senior management professionals were retiring shortly. This is likely to result in a void at the entry level in near future because of the stagnant population growth once the professionals in promotional pipelines occupy the senior management positions. The glass ceiling and underrepresentation of ladies, particularly at the managerial levels in some economies, notably in Germany is also one of the reasons of talent crunch. Despite advancement of Information and Communication Technology, geographic mismatches continue to haunt human resource planners to forecast HR demand and HR supply. In

the European Union, for instance, there are different national systems of professional certification are not recognized across the globe and their language and cultural blockades do not facilitate the skills to transport. This is also reflected within national boundaries as well.

This is a clear signal for the corporate strategists to involve HR in strategist business perspectives to engage the limited available human resource to optimize organizational excellence.

A changing world

Against this backdrop, Business Standard Strategist team, 2012 (BSST) studied leading companies including aviation, business services, financial services, health care, high-tech manufacturing, and other industries and identified that the companies operating in these industries are trying to explore the ways to revamp and perform interaction work effectively- to enjoy productivity gains, greater flexibility in responding to opportunities, and better access to the scarce talent. But this requires rethinking and reevaluation of existing HR policies that can help effective workforce management. The BSST noticed the following approaches being adopted by the US companies:

Break jobs down: Companies are focusing on putting their best paid workers on the most value-creating activities by relieving them from routine works as a measure to manage the scarce talent. A classic case can here be noteworthy that entails the US measure to introduce paralegals into the legal profession and relieving attorneys of research and litigation support tasks while encouraging them to spare and utilize more time in the courtroom or serving clients to come out as a full-fledged law professional. This practice is also applicable to other professions like medicines which have generated a middle-income profession that now consists of more than one-quarter of a million people in the United States. In a study of primary health care clinics in the United Kingdom, for instance, service providers explored that with a mix of 40 percent physicians and 60 percent nurses and other health providers, it was possible to improve patient satisfaction while delivering the same quality of care at much lower cost.

Further, the study explored the splintering of Traditional corporate line positions. Human-resources (HR) functions are now being broken into further specialized disciplines such as compensation, recruiting, and benefits administration. This generates opportunity for the domain specialists to bring the expertise to the companies which generalists lack, often at a far lower cost. At the security software company Symantec, for instance, call centers and an online portal assist routine HR tasks. This, indeed, creates a big opportunity for the strategists to take optimum advantages of the specialists who have extensive experience in performing certain specialized functions such as hiring and training employees and developing long-term workforce strategies. In such cases, breaking jobs down into more specialized tasks assist companies economize on scarce talent thereby facilitate to perform those tasks more efficiently and effectively.

Go Virtual: Another significant practice being observed by BSST is organizational structural transformation. Many of MNCs prefer to use virtual organization structure to manage cost and time. A virtual business organization uses electronic means to transact business as opposed to face-to-face transactions with physical documents and physical currency. Employers first started using remote-work arrangements in virtual mode in the 1990s in part to retain the services of the working mothers who preferred not to commute or who wished to work as part times. With the advancement of technology, companies such as IBM initiated measures to retrench permanent offices for sales reps and other customer-facing employees to save huge cost, traditionally being incurred on real estate while promoting the reps to spend more times with the clients/ customers. The technology like Broadband and cloud computing facilitated the growing market for online collaboration tools to perform work anywhere. To manage the system mechanism, many jobs like administrative assistants, insurance claims processors, law associates and corporate workers in functions such as finance or HR received high priority. In Business Standard 2011 survey of 2,000 US business firms, one-quarter of them revealed that US MNCs planned to rely more remote workers in the future.

The use of technology also impacted the training program execution. Most of the corporate houses preferred to deliver training contents electronically. Social media also helped bringing together many employees, members of remote teams and their managers to a network who often establishes connection quickly.

Virtual work approaches became the cynosure to a wide gamut of employees, including working mothers, older workers, and younger, Generation Y professionals who wanted flexible lifestyles from the beginning of their careers. Young generation of workers is often particularly preferred to work remotely and manage things by walking around, having grown up socializing and collaborating online.

When organizational reliance on technology increases, organizations are required to transfer autonomy to the workforce who undertakes the sole business responsibilities. They should be given adequate opportunities to capitalize their talent through proper work place engagement. Employee engagement becomes the quintessence of organizational excellence.

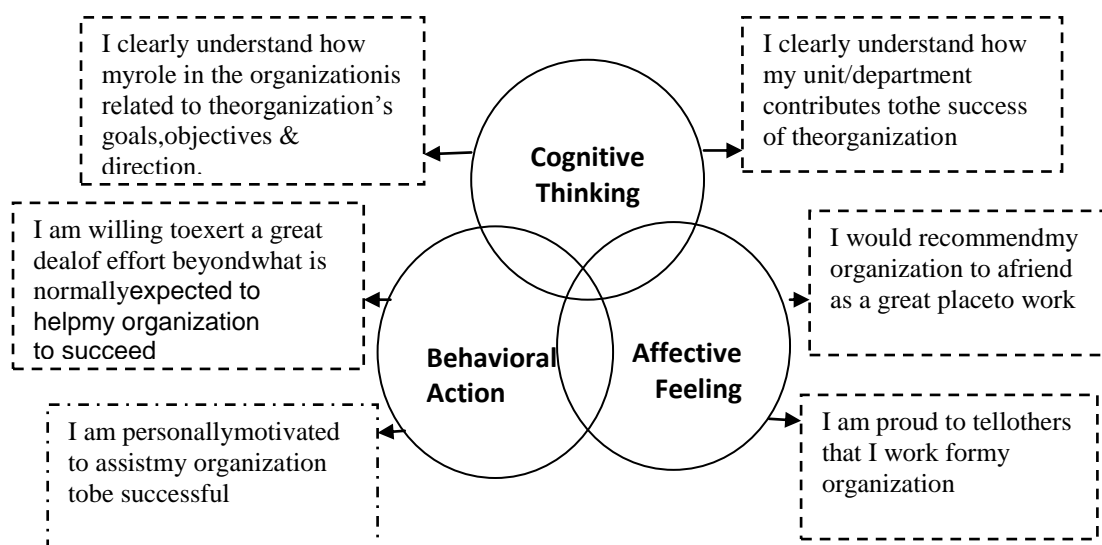
II. EMPLOYEE ENGAGEMENT

Once Management Guru Tom Peter joked- *If you want to insult an HR manager, ask him whether HR stands for Human Resource or Human Remains in an organization.* Tom Peter might have commented in a lighter vein, but this is the hardcore reality most of the corporate houses where HR is not playing strategic partner role and its roles are simply confined to that of a file clerk. People join and continue to remain unengaged or disengaged because of improper utilization of their capabilities due to paucity of adequate transparent systematic mechanism. Research indicates that most of the business problems are people problems which occur because of improper and inadequate planning to engage employees that results in poor productivity, job dissatisfaction, career plateau, employee turnover and job burnt out. In accordance with 2010 Gallup Employee engagement Survey, US companies are facing lost productivity of actively disengaged employees amounts to the US Economy \$ 370 billion annually.

Understanding the impact of Employee Engagement

Employee engagement has been viewed as “a distinct and unique construct that consists of cognitive, emotional, and behavioral components . . . associated with individual role performance” (Saks, 2005, p. 602). Research evidence reveals that engaged employees often display a deep, positive emotional connection with their work and are likely to display attentiveness and mental absorption in their work (Saks, 2006). Highly engaged employees normally demonstrate high level of commitment and connection to work as measured by the amount of discretionary effort they are willing to exert on behalf of their employer. They normally tend to move beyond the core responsibilities as outlined in their job descriptions and consistently remain more productive, profitable, safer, healthier and less likely to leave their employers (Fleming & Asplund, 2007; Wagner & Harter, 2006). Despite having so much of advantages, only 30% of the global workforce is estimated to be engaged (Harter, Schmidt, & Hayes, 2002; Saks, 2006). 2010 Gallup Employee engagement survey revealed that actively disengaged employees in US incur loss of productivity amount to \$320 of US economy per annum.

Figure 1: Employee Engagement Components



Source:¹Dale Carnegie Training Center, 'what Drives Employee Engagement and why it matters' White Paper. http://www.dalecarnegie.com/assets/1/7/driveengagement_101612_wp.pdf

Figure 2: How can employee engagement benefits organizations

“Caring” managers and workplace environment



Engaged employees



Employees more committed, dedicated and motivated to make organization a success



Customer engagement



Increase in sales and profit



Increase in stock price

Source: Dale Carnegie Training Center, ‘what Drives Employee Engagement and why it matters’ White Paper. http://www.dalecarnegie.com/assets/1/7/driveengagement_101612_wp.pdf

Engaging employees necessitates the caring attributes of the managers who manage the employees or subordinates. Study reveals that caring manager is one of the drivers of employee engagement.¹ Employees expect their managers to care about their personal lives, to take an interest in them as people, to care about how they feel and support their aspects relating to health and well-being. A manager’s ability to build strong relationships with employees, strong team interaction and lead in a “person-centered” way creates an engaging environment in which employees can perform at the highest possible level.

Engagement is an outcome. People prefer to be engaged if they have sufficient opportunity and motivation to use their talent and enjoy the work place. This leads to higher productivity, job satisfaction, organizational citizenship behavior which ultimately benefits both the employer and employees. Good words of mouth spread to the labor market which can strengthen employer brand and employees simply serve as organizational brand ambassadors.

III. CONCLUSION

HR of an organization is very much like a seed which requires appropriate soil and care for its nourishment. The soil gets its strength from the proactive management who endorse development of appropriate, transparent and systematic policies and procedure to optimize the use of knowledge resources. This is very much important in order to remain competitive in the ever changing dynamic world. In a knowledge economy, where business is largely dependent on technology, the strategists should be very much careful about the job requirement and employee profile assessment. They should study job properly, hire and nourish those employees who can drive business and to optimize time and cost may adopt virtual organizational structure for organizational performance.

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