Talent Management: A Study on How to Manage Executives

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Abstract

Managers are the cogwheels of an organisational management system. To run and sustain an organisation effectively, the major competitive advantages will be its ability to attract, develop, excite and retain talent. Humans are not machines but they do play the vital role to run business. Maintenance here in this very sense means keeping the satisfaction level of the employee at a certain threshold which, in turns, keeps the morale high enough to enjoy work, face challenges, be innovative and turns the staff /employee as a committed person, thus resulting in win-win situation both for the employer as well as the employee. This paper focuses on talent management, effective and cost-efficient talent management strategy to understand the issues that are essentials for the organisation from talent acquisition to performance management, succession planning, learning and development, and more.

Key words: *Talent Management, Performance Management, Succession Planning, Mentor, Motivators.*

1. Introduction

Humans are the last weapons of competitive advantage in the global market today. There are battle-ready competitors for every industry and company who are busy in thinking how to beat each other. Products can be quickly duplicated and services cheaply emulated – but innovation, execution, and knowledge cannot be. The collective talent of an organisation is its prime source of its ability to effectively compete and win with the competitors [1].

In today's economy, competition is global, capital is large, products are developed quickly and cheaply, and people are willing to change jobs often. In such an environment, smart, committed, and experienced people are the new competitive advantage. They are technologically literate, globally astute, and operationally agile. As the demand for this talent goes up, the supply will be going down. As a result, an unprecedented shift is occurring. Organisations are increasingly recognizing the need to radically change the role of their Human Resource function [2].

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Traditionally, organisational growth has been enabled by hiring more people. However, today's economic environment requires "quality of talent" rather than the "quantity of talent". Organisational growth has transformed. Today, most organisations are struggling to understand the characteristics, enable technologies and definition of talent management. While they know how to administratively recruit, retain and replace talents, they struggle with the strategic elements of managing those talents. The process of managing the supply and demand of talent to achieve business goals represents one of the greatest opportunities for organisations to not only overcome these critical issues, but most importantly, survive and thrive for years to come.

As organisations seek new ways of improving workforce productivity, "Talent Management" has become a vital element in establishing a Human Capital Management (HCM) environment. The terms "Talent Management", "Talent Strategy", "Succession Management", and "Human Resource Planning" are often used interchangeably. While each of these terms focuses on managing employees their apparent similarity obscures the problem that the first definition refers to an outcome, the second to a process, and the third to a specific decision. Several recent articles in the practitioner-oriented literature describe "Talent Management" as "a mindset" [3]; a key component to effective succession planning [4]; and, an attempt to ensure that "everyone at all levels works to the top of their potential" [5]. Despite this inauspicious start, we delved further and uncovered three distinct strains of thought regarding Talent Management. The first defines talent management as a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection, development, and career and succession management [6].

A second perspective on talent management focuses primarily on the concept of talent pools. Talent management, to these authors, is a set of processes designed to ensure an adequate flow of employees into jobs throughout the organization [7].

A third perspective on talent management focuses on talent generically; that is, without regard for organisational boundaries or specific positions. Within this perspective two general views on talent emerge. The first regards talent (which typically means high performing and high potential talent) as an unqualified good and a resource to be managed primarily according to performance levels. That is, highly competent performers are to be sought, hired, and differentially rewarded regardless of their specific role or, in some cases, the organisation's specific needs. The second perspective of generic talent regards it as an undifferentiated good and emerges from both the humanistic and demographic perspectives. Talent is critical because it is the role of a strong HR function to manage everyone to high performance [8] or because demographic and business trends make talent in general more valuable [9].

It is imperative that organisations integrate a highly functional talent management solution across all facets of business. It's not a question if an organisation needs to do this, but rather when and how [10]. Talent management has become a mandate for organisations seeking to create competitive advantage through their human capital assets by improving current workforce performance and proactively preparing for the future.

1.1 Objectives of the Study

The objective of this review paper is to gain knowledge about how the managers managing themselves as well as employees holding different positions and the concept of Talent Management regarding affecting the issue.

This paper particularly seeks to look into what existing research suggests about the following topics:

1. To provide brief idea about talent management and talent management practices that help companies to manage as well as managers to grow themselves.
2. To understand what motivates employees as well as managers and how they motivate each other in various levels of the organisation.
3. The roles of manager as mentors in today's complex work environment for creating talents.
4. To provide an idea about the imminent talent shortage issue in the workplace and how to prevail over the shortage.
5. How to increase the efficiency of the manpower and management's responsibility towards morale, job satisfaction and motivation?
6. How to create a sophisticated talent management environment?

1.2 Methodology

This paper has been written on the basis of secondary information. The secondary information collected from published books, scholarly journals, research papers, newspaper articles, and the Internet.

2. Findings

After the study, the following results have been discerned:

2.1 The Concept of Talent Management

Talent management, also known as HCM (Human Capital Management), HRIS (HR Information Systems) or HRMS (HR Management Systems), and HR Modules, is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees' talents and skills drive their business success [11].

Companies that have put into practice talent management have done so to solve an employee retention problem. The issue with many companies today is that many organisations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent [12]. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organisation.

2.2 Talent Management Practices

Competing in a "flat world", a term popularized by columnist, business researcher and consultant, Tom Friedman, requires well-formed people [15]. Becoming a well-formed talent requires continuous learning and development of knowledge and skills. Organisations that want to succeed in flat world competition better be creating enriching workplace experiences if they wish to attract and retain the high-caliber.

Creating an enriching workplace is not easy and does not happen immediately. But with some planning, a lot of persistence and adept execution of seven key practices, any organisation can create an enriching workplace.

1. Job Stretch and Mobility: Creating an environment that provides continual challenge to staff and enables them to regularly move around the organisation and to frequently take on new tasks and responsibilities.

2. Mentoring Not Just Managing: Committing to being knowledgeable about their activities, well being, progress, accomplishments, personal concerns and ambitions.

3. Freedom and Stimulation: Giving huge amounts of freedom to determine when, where, how and on what they work.

4. Deep Immersion: Creating the company's next generation of ideas, products and leaders.

5. Teaching and Coaching: Having people in the organisation - both managers and specialists - whose role it is to help others to grow, learn and realize their potential.

6. Diversity of Talents and Personalities: Pairing younger and older workers together to blend diverse ingredients into a decision.

7. Horizontal Growth Paths: Allowing people to broaden their skills and knowledge within their disciplines and jobs.

2.3 Role of a Manager in Developing Talent Management Environment

A manager is a recruiter, an employer, a leader of his/her group, a follower and an implementer of company policies, plans and programs [16]. S/he is a decision-maker who accepts responsibilities for his/her decisions and teaches others the fine art of decisiveness. S/he is a communicator and a catalyst; a planner, an organizer and a prognosticator. S/he is a conductor, an orchestra and a skillful manipulator. S/he is a developer and a supporter of his/her people but, at the same time, he must also be an executioner. S/he must handle the broken dreams of some and the good fortune of others, sharing in their disappointment just as s/he shares in their happiness. But to achieve the goals and objectives and to manage the human resources successfully, a manager must be a mentor who understands each individual's need for self-fulfillment, economic growth, and personal prestige.

An able manager can contribute much to the success of the team, which s/he is supervising. A manager as a mentor can be an effective team leader (and coach) is always looked upon as a role model making the team members feel secured. To mentor and inspire the people around them to learn is one of the most valuable roles a manager can perform in today's rapidly changing environment. A manager's mentoring can enhance individual performance and the organisation's prospects for success. A *Manager as a Mentor* goes beyond traditional approaches to exploring the newest techniques in mentoring and collaboration. *The Manager as a Mentor* will enable managers to bring out the best in themselves, the people they guide, and their organisations.

2.4 Role of Motivation to Manage the Talents

Sharon Nelton (1998) discusses in her article, "Motivating for Success," in Nation's Business. She suggests, "workers are innately motivated, and supervisors do not so much motivate employees and supply the ingredients necessary for employees to lose their motivation" [17]. However, managers play the vital role in employee motivation. It is not only the sole credit of the player who makes the goal but also the players who pass the ball to the right place in the right time, also, motivation itself plays the main role in employee retention.

Again every individual has his/her own point of ignition to be motivated as this factor has its own way relating itself to that of emotion. Emotion is directly related to devotion and devotion produces the motion to accelerate towards reaching the desired objective. Even in difficult situation finding alternate solution, change of directions to reach goals overall making people creative and innovative - motivation plays the main power to energize the zeal to do so.

Now the question arises 'whether it can be formularized?' or 'is there any motivational formula?'. The answer is both no and yes. No in the sense that it is not mathematical having parameters or inputs so that values can be assigned to it and is applicable for every individual. Yes, in the sense that for every individual, the structure of the factor changes and can be applied depending upon the situation and the receptive nature as well as the attitude of both the manager (coach) and the member or individual to whom it is subject. As we know even a pat on the shoulders can do wonders.

At the heart of successful motivation, according to Nelton, is the golden rule: treat your employees the way you want to be treated. While this is a simplistic view of management, its practice can be much more difficult to enforce. However, maintaining good relationships with employees, that keeps motivation high, becomes a business necessity, not merely a business luxury.

Understanding what motivated employees and how they were motivated was the focus of many researchers following the publication of the Hawthorne Study results [18]. Five major approaches that have led to our understanding of motivation (Griffin. Ricky W., 2007) are Maslow's need-hierarchy theory, Herzberg's two-factor theory, Vroom's expectancy theory, Adams' equity theory, and Skinner's reinforcement theory [19].

Maslow's Theory states that employees have five levels of needs (Maslow, 1943): physiological, safety, social, ego, and self- actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees.

Herzberg's theory categorized motivation into two factors: motivators and hygienes (Herzberg, Mausner, & Snyderman, 1959). Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction. The absence of motivator factors would not make employees unhappy, but would leave them feeling neutral about their jobs. Similarly, addressing hygiene factors would result in little more than neutral feelings from employees, while failing to meet hygiene factors would result in strong dissatisfaction.

Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated.

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965).

Skinner's theory stating those employees' behaviours, that lead to positive outcomes, will be repeated and behaviours that lead to negative outcomes will not be repeated (Skinner, 1953). Managers should positively reinforce employee behaviours that lead to positive outcomes. Managers should negatively reinforce employee behaviour that leads to negative outcomes.

Employee motivation is enhanced most when organisations creatively and appropriately employ a multitude of motivators. Organisations are seeking ways to beat the competition and be profitable. Nothing is more critical to this goal than human energy - a strategic approach to motivating the total organisation.

2.4.1 Motivation and Profitability

The keys to financial success and a profitable business are not the strategies or the systems of the firm. The character and skill of individual managers, who practice what they preach and recognize the manager's role in coaching employees, are what count. "It's about character and courage," and according to David Maister, a well-known consultant to professional service firms and a former faculty member at the Harvard Business School, "it's very, very scarce" [20].

In a recent survey, Maister determined that successful organisations score better on virtually every aspect of employee attitudes. In fact, employee attitudes cause financial results and not the other way around. If a business wants its people to make a lot of money for them, then it must set high standards and give employees something they can be excited about. These employees must be managed by someone who is trustworthy, cares about people as well as the business, and acts with integrity.

In Maister's book, *Practice What You Preach: What Managers Must Do to Create a High Achievement Culture*, he emphasizes that managers who believe their job is to ensure that a strategy, vision, or mission is developed are sadly mistaken. Instead, the manager's most important responsibility is to make sure the strategy is implemented. Organisation staff members do hold managers to a higher level of commitment, integrity, and doing the right thing. The most successful managers know this.

2.4.2 Factors Influencing Employee Motivation

Employee motivation is enhanced most when organisations creatively and appropriately employ a multitude of motivators. To increase the efficiency of manpower, top management needs to take care of employee morale, job satisfaction and motivation, etc. For this purpose, attractive incentive wages plan, improved working condition, participation of employees in the excess of target profit, etc. should be adopted.

There are two general types of motivation: intrinsic and extrinsic [21]. Intrinsic motivation is that where a task is completed for its own sake. Extrinsic motivation is where a task is completed for an ulterior motive (e.g. payment). Extrinsic motivators can be subdivided into those that aid the endeavor (synergistic) and those that hinder it (non-synergistic). For example, payment may – up to a point – be a synergistic extrinsic motivator in that it will increase your motivation. On the other hand, a dictate from a boss may be a non-synergistic motivator, as it will just make you feel controlled and manipulated.

The ultimate question is 'how do we maximize motivation?'. There are a variety of factors that can be applied including, - Economic Rewards; Promotions and Transfers; Formal, Psychic Rewards; Informal Psychic Rewards; Opportunity to Grow; Leadership; Goals; Challenging and stimulating work; Autonomy; and Fun.

Economic rewards:

Money is a primary motivator. While base salary remains the largest share of the total cash pie, cash incentive plans - such as special achievement incentive rewards, spot bonuses, and cash-equivalent rewards - continue to grow in popularity. In many companies, stock-based incentive plans, once limited to top executives, are offered to all employees although not all approaches motivate people. Money—as in salary, bonuses, commissions, stock options, matching retirement investment fund deposits—has traditionally been considered the great motivator. Because of the tight labor market-keeping employees content is one of the primary goals of most companies. To this end, many companies have taken the traditional route of giving incentives to employees in the form of money but with a new twist. For example, companies are spending money to motivate employees but in new and creative ways.

Promotion:

While having economic value, promotions also carry crucial social and psychological meaning (recognition and sense of accomplishment) that, for many, far outweigh additional money or perquisites. These rewards have

symbolic significance. They spotlight individual or team achievement and outstanding contribution, giving people high-visibility recognition that tends to be warmly remembered years after the event.

Psychic reward:

Positive feedback from a person's manager, peers, subordinates and others has a profound impact on motivation. Such informal psychic rewards are more than after-the-fact reinforcement; they are also an incentive that people seek to feel appreciated for what we do and who we are -- our unique abilities, skills and knowledge.

Opportunity to grow:

The chance to improve one's self is an enormously important source of motivation. Organisations that offer this advantage are in a win-win partnership with their employees. The company creates and maintains a talented workforce to use as a competitive weapon, and the employees sharpen their own competitive edge as they self-actualize.

Inspiration:

Leaders inspire people through their words and actions. By presenting a clear sense of purpose, offering a vision worth striving toward, and providing encouragement, leaders have the power to imbue people with hope, enthusiasm and determination.

Goals:

Goals are powerful motivators. Goals give people a clear sense of what is expected of them, offering challenge and opportunity. They can energize and inspire exceptional effort.

The nature of work:

The nature of work as a source of motivation varies with from person to person. For some, detailed work involving technical tasks can be a turn-on; for others, fast-paced work with changing goals, roles and challenges is their dream job. But whatever the person-job matches, the work itself proves every bit as important a motivator as economic rewards.

Challenging work:

The debate over how best to motivate employees is an ongoing one that roughly divides into two camps of thought. In the first camp are those who believe that money is the greatest incentive in motivating workers. The second camp argues that making jobs more challenging is the key to sustaining motivation in workers. In reality, both money and challenging work seem required by the most motivated employees and keep them motivated over time.

Autonomy:

Freedom to take action, to make decisions, to work independently, is one of the factors most valued by people. Autonomy is crucial in achieving a sense of self-worth. Autonomy strongly influences the decision of individuals to join and stay with an organisation.

Workplace environment:

Many work places are woefully devoid of smiles and laughter, yet a bit of humor goes a long way toward brightening the day and infusing spirit into the culture. Fun plays a vital role in motivation.

2.5 Employee Retention:

Talent shortage predictions began about a decade ago and were largely ignored. A recent survey of 384 HR and other executives, conducted by Knowledge Infusion and the International Association for Human Resource Information Management (IHRIM) of Burlington, Maine, shows that about half of respondents said their companies had no integration between systems and talent management processes and only fair to poor organisational alignment of the workforce to business goals (see chart 3 "Modest Integration and Alignment") [22].

But surveys suggest that CEOs are paying attention (see chart 4 "challenges to growth"). From 2002 to 2012, employment in the Internet services, data processing and other information services is expected to skyrocket 46 percent, scientific research and development is expected to grow 21 percent and ambulatory healthcare services would reach 46 percent. This data suggests where shortages may hit hardest and is a good starting point for any company that wants to understand trends in its industry.

As people leave managers and supervisors more often than they leave companies or jobs, the managers have a lot to do with employee retention. By providing clarity about expectations and career development, and a framework within which the employee perceives he can succeed, managers can
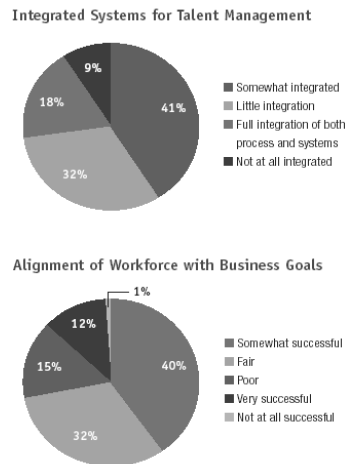
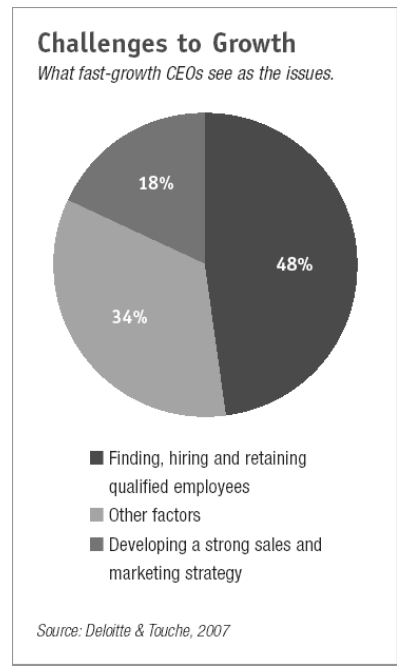Chart 3: Modest Integration and Alignment

Chart 4: Challenges to Growth

Conclusion

The mandate is clear: for organisations to succeed in today's rapidly changing and increasingly competitive marketplace, intense focus must be applied to aligning human capital with corporate strategy and objectives. It starts with recruiting and retaining talented people and continues by sustaining the knowledge and competencies across the entire workforce. With rapidly changing skill sets and job requirements, this becomes an increasingly difficult challenge for organisations.

By implementing an effective talent management strategy, including integrated data, processes, and analytics, organisations can help ensure that the right people are in the right place at the right time, as well as organisational readiness for the future.

To create a sophisticated talent management environment, organisations must:

• Define a clear vision for talent management;

• Develop a roadmap for technology and process integration;

• Integrate and optimize processes;

• Apply robust technology to enable processes and

• Prepare the workforce for changes associated with the new environment

The change in management issues cannot be overlooked. HR professionals comfortable with administrative roles, and even some, who are comfortable with the strategic business partner role, must adapt to the intensive communication and collaboration required to achieve strategically oriented and integrated talent management. But if talent management is the new business imperative—and it is—then companies would be wise to start soon.

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