

Effectiveness of Talent Management Strategies in Services

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ABSTRACT

Despite a significant degree of academic and practitioner interest, the topic of talent management remains underdeveloped. A key limitation is the fact that talent management lacks a consistent definition and clear conceptual boundaries. The specific contribution of the current paper is in developing a clear and concise understanding of talent management. In doing so, insights have been drawn from a number of discreet literature bases. Thus, the paper should aid future research in the area of talent management through (1) helping researchers to clarify the conceptual boundaries of talent management and (2) providing a theoretical framework that could help researchers in framing their research efforts in the area. Additionally, it aids managers in engaging with some of the issues they face with regard to talent management.

Key Words: Services, Talent, Talent Acquisition, Talent Management, War for Talent

I.INTRODUCTION

Talent can be considered as a combination of employees' skills, knowledge, cognitive ability and potential that add to the value of the organization and helps it to gain a competitive edge over its competitors for a long period of time. Talent is about outstanding characteristics of human beings to do something different or a higher order of difficulty and complexity in the current and future time period. It comprises special groups such as senior leadership, middle level employees with leadership potential [1].

Talent management includes sourcing, selection, development, retention and renewal of the workforce with efficient analysis and planning. It is a collection of HR department practices such as recruiting, selection, development, career management, succession planning and retention [2]. It is one of the primary management tools for 21st century because the significant resource for firms competing today is no longer land, capital and other tangible assets but the human capital necessary for organizations to adapt to global competition and maximize the benefits associated with the current technological boom.

There is no shortage of talented people in the world but a shortage of the right people in the right place. Nowadays, Talent management requires a high degree of attention from three internal stakeholders: top management, the HR functions and line managers. The notion of Talent management transformed the agenda of CEOs from different types of corporations, since they spend approximately 30-50 percent of their time in talent management (The Economic Intelligence Unit Report). Additionally, talent management became so significant that companies are forced to go where talent is and organization's performance seems increasingly dependent on the skills of its employees. Moreover, companies are forced by the global competition and demographic changes not to limit themselves only to the concerned countries but to pay attention to globalization and to individuals who are increasingly mobile and are having global talent for better performance.[3]

Research suggests that companies that excel at talent management ensure internal consistency, and reinforcement of the practices they employ to attract, select, develop, and retain talent (i.e., Internal Fit). In addition, these practices align closely with the corporate culture (i.e., Cultural Fit) and link to the business strategy as well as long term goals of organization (i.e., Strategic Fit). A high degree of internal, cultural and strategic fit creates an inimitable system of practices and not only driving excellence in talent management but also contributes to organizational learning and knowledge management.

In addition, global companies must balance the tension between effective decision making and implementation at the local level versus standardized systems and processes at the global level. These companies thus achieve a competitive advantage not only because they design and implement "best" practices but because they guarantee the various elements of their talent management system are aligned- internally, externally and globally to support their business strategy and operational model. [4]

1.1 Talent management- the Indian scenario

India stands no exception to the global crisis for talent. Talent management is of particular importance to India, because of the ever escalating need for talent in the current and future scenario. Attrition is the deadly dragon eating up the roots

of an organization. In this “talent-drought” hit scenario HR managers are required to identify the talent gap and forecast talent shortfalls and focus organizational plans and initiatives on improving the availability of needed talent. India is still on the pathway of achieving a developed status and lack of talent can make this dream impossible. Since India is an emerging economy with impetus on strong and continuous economic growth, there has been a rise in outsourcing and off shoring to India which has led to a competitive job market demanding individuals who are multi- taskers and possess new competencies. In India, local and multinational companies face significant challenges of retention, wage inflation, and battle for new graduates who are talented. Corporate world is fighting for grabbing talent, because turnover is high, and people in Indian companies are more willing to relocate in search for greener pastures. Relocation is the voice of the new millennium and talented employees are quite prepared to leave a company to bump up their salaries. This has led to a war for talent amongst competitors who are fighting to lure employees away from each other by offering better compensation.

A team of researchers from Villanova School of Business examined the talent management practices of 28 companies operating in India. Researchers surveyed 4,811 of these companies’ employees about their attitudes towards their employers, including their intentions to stay or leave and found that despite salary increases averaging more than 15% annually in some industries; annual turnover rates among young professionals are averaging 15% to 30% and go as high as 50% (Grant, 2008). The explosive combination of ballooning salaries and rising attrition signals a tight market for talent that could constrain India’s growth in future.

In response to this, the IT services sector in India has been developing some of the best people and talent management practices in the world. For example, the acute shortage of hotel rooms in cities like Bangalore has led to Infosys building its own accommodation- so much that it will reportedly become the largest ‘hotelier’ by numbers of rooms in India.

The automobile industry is also not far behind. In the light of high attrition rates in Indian automobile industry, Maruti linked variable pay to the financial performance of the company with a greater focus on cash variables i.e. formulations of salaries which are linked to performance, in addition to increasing its entry level pay by almost 10% (Philip & chauhan, 2011)³.

Thus, all this brings us back to the bottom-line that the future belongs to companies that can incorporate and practice “talentship” as a regime. In this era of dynamism, it is talent and only talent that can bridge the gap and lead an organization towards success. This is what makes talent management a vital area of study for researchers who aim to find out its value addition ability. The present paper is also conceptualized with this objective in mind. It focuses on identifying the talent management practices being employed in the services sector and their contribution towards the organizational success.

II. REVIEW OF LITERATURE

2.1 Implementing a Successful Talent Management

Research has shown that the companies that excel at talent management have implemented a system that is internally consistent and reinforce the practices they use to attract, select, develop, evaluate and retain talent. Moreover, they align these practices with their business strategy, corporate culture and long term goals. In addition, the talent management system in place has many owners in the organization: the CEO, the managers at every level and the HR department [7]. Similarly, The Boston Consulting Group argue that it is not enough to execute people management practices in a linear fashion to be successful in talent management, each activity is to be carried out in parallel, since the logic behind talent management is integrated[8].

In the report, it is argued that companies that enjoy the highest economic performance consistently outperform their peers in three areas: talent management, performance management and rewards, and leadership development. Furthermore, they found that these companies use incentives to engage their managers in employee development define talent more broadly and nurture their emerging potentials as well as attract internationals.

2.2 The role of middle managers

Middle managers constitute the link between the management team and the rest of the organization, since they are to translate the strategy into concrete business plans – therefore, middle managers need to be good communicators, builders of trust and implementers [9]. A strategic plan is “only as good as the managers who are charged with the responsibility of ensuring that the goals and strategies do indeed cascade to all departments and individuals”, which is closely connected to an effective talent management [10].

Line or middle managers should be responsible for the selection of employees that are to perform assignments. Furthermore, they should have the primary responsibility to develop the employees; managers need to continuously stretch the employees since circa 70 % of competence growth is assignment related. As the person closest to the employee, the line manager has a great responsibility in matters related to rewards and recognition. Moreover, the line managers have an impact on work design and can change job content. Lastly, managers play their most important part in strategic human capital planning (also known as strategic workforce planning), where they determine and evaluate the strategic capabilities of the firm and conduct talent inventories, that give information on which talents they need to develop for the future [11].

Line managers and the HR department have a joint responsibility for the workforce strategy execution like:

- Line managers and leaders influence the mind-set of the workforce more than HR professionals do
- Both line managers and HR should be accountable for the development of a successful workforce
- Workforce accountability begins by creating performance expectations for both line managers and HR professionals
- Accountability requires inspections to determine whether the workforce is meeting the expectations
- Workforce accountability becomes reality when there are consequences for the line managers and HR for meeting, exceeding or failing to meet the expectations [11].

III. TALENT MANAGEMENT STRATEGIES

3.1 Employer Branding for Successful Talent Attraction

Employer Branding is the process of promoting a company, or an organization, as the employer of choice to a desired target group, one which a needs and wants to recruit and retain. An employer brand should clearly communicate the culture of the organization, its mission, goals and values, giving people a strong reason to want to work for and stay with the organization. This strategy of talent management can make a big difference for organizations especially in services where there is no product available and the customer has to deal with the human talent of the organization. For example, in banking industry, it is the human resource which deals with the customers at large. Thus, the only possible way to make talent management process effective is to attract the best talent at the very beginning of the recruitment process.

Another example can be of airlines where the personality of the human resource, their communication skills, soft as well conceptual skills are the deciding attributes for the success of the company. Hence, it can be concluded as evident from the research studies conducted that gone are the days when every effort was put to use to work on technology, land and building and the infrastructure of the organizations. Nowadays, it the human resource of the organization which is to be kept on priority for enhancing the skills of the talented employees so as to gain a competitive advantage over a long period of time.

3.2 Recruitment

The recruitment responsible managers need a strategic framework that takes into account future competence requisites. It is essential for these managers to know the long-term needs of the organization, so that these competencies can be developed in house. Researchers advocated a recruitment strategy that summarizes the overall needs of the company in terms of recruitment [12].

Vaiman & Vance [10] portray the process of finding the recruitment strategy as:

1. State the key business objectives for the next five to ten years
2. Determine the skills and talent necessary to accomplish the strategic goals
3. Decide whether the current workforce has the skills necessary, and whether to develop them

These steps are crucial to go through in order to understand the available resources within the organization before deciding whether to recruit or not.

3.3 Talent Acquisition

First and the far most step in talent management process is to acquire the best talent from the pool of recruits. It is the acquisition of talent which decides the success or the failure of any organization. It is the process of finding and acquiring skilled human labor for organizational needs and to meet any labor requirement. Modern talent acquisition is a strategic function such as organizational talent forecasting, strategic talent assessment and development.

3.4 Performance management

Performance management is about how to create, control and measure a culture of performance, where the system should control that the employee does the right things, not things right [12]. Companies that have a performance culture in place have been shown to outperform those who do not have a performance management cultural approach [10].

Well-designed performance management systems have the benefit that employees become motivated to perform and also that they get a better understanding for of which behaviors and results that are required of their positions. The organizational goals also become clearer for both managers and employees [13]. Setting goals is a very important part of this process, since goals stimulate energy, focus and intensity – i.e. employee engagement. However, it has been found in research that it is difficult to set goals for employees in knowledge and service-intensive jobs, since the work is more varied and subtle [14].

Researchers [15] present their research-based recommendations for performance management embedded in talent management as:

- Create individualized development plans
- Ensure that work is challenging, interesting and meaningful
- Provide clear advancement opportunities
- Implement performance management systems with contingent rewards

3.5 Succession Planning

A key element in business is the management of the skills, talent and succession of employees. When this is done effectively, staff are prepared and ready to cope with current and future work requirements. The succession planning

process identifies and prepares talented employees to step into key positions and leadership roles so as to ensure that they have the skills, experience and knowledge to meet changing work requirements. An effective succession planning process increases the availability of experienced and capable employees that are prepared to assume key roles as they become available.

Business without talent management and succession planning are exposed to risks associated with untapped potential and diminished productivity, the loss of key employees, the loss of essential knowledge and skills, and the difficulties of quickly recruiting new employees with the same skill sets. Succession planning is important to business because it:

- ✓ ensures maximum contribution of high potential employees
- ✓ supports the development and growth of employees and ensures greater work engagement
- ✓ offers a range of learning, development and skilling opportunities
- ✓ is a key component in a formal human resource planning system

3.6 Talent retention

This is the last and the most important step in the process of talent management. Talent retention is the act of retaining employees to work in the organization on a long term basis. In fact, every organization grooms employees into skilled personnel and hence, wants to retain them for a long period. Talent retention undertakes different measures so that an individual continues to work in an organization for maximum period of time. It fosters long-term effective association between the employees and the management representing the organization.

Reasons Why Employees Leave an Organization

- ✓ work not as per expectations
- ✓ low salary
- ✓ bad working conditions
- ✓ employers not treating their employees in a good way
- ✓ lack of internal growth and development
- ✓ absence of motivation in the organization

It is the talent retention strategy that can handle all the above mentioned problems faced by any organization. Attrition rate can be lower to minimum only if the organization is having a strong retention strategy. Compensation, work environment, growth and support are some of the basic factors involved in talent retention. In services, majority of the employees leave the organization because of poor retention strategies. Effective talent retention in any organization should follow strategies like:

- ✓ recruit the right person at the right time and place in the ladder of the organization
- ✓ fulfill all promises or benefits to the employees in time
- ✓ make employees realize their value in the organization
- ✓ treat employees as assets instead of liability
- ✓ always keep them motivated
- ✓ provide better career opportunities within
- ✓ design good incentive policy to retain high employee morale
- ✓ draw a positive career graph of each employee and update it with their new skills and qualifications

CONCLUSION

The overall review regarding talent management concludes that one of the most important problems faced by the businesses to survive and get successful results in intense competitive environment experienced at national and international level is to have skilled employees and to maintain their long term employment. In today's world where reaching information has become easy, the education levels of the individuals have increased, and perspectives concerning career have changed. At this point the businesses desiring to keep their skilled employees are forced to consider these expectations. Researches are made in order to reveal innovative approaches provided by the talent management to businesses as a new perspective of human resources management.

Talent management strategies need to be put to practical use especially in services where retaining talent is a great challenge for the management. Talent management is found to be a way for organizations to manage their human capital into a strategic asset. Another result of this study is that there is a need for a new meaning of making a career within organizations, a career which is connected with the strategy and strategic capabilities of the organization. The new management should be directed at attaining a strategic position, which is the set of roles in the organization that lead to its competitive advantage.

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