



Neglected Realms of Talent Management: Why Organization Design Is Important

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Abstract

Talent management (TM) as a research field is maturing and researchers are trying to explore various aspects of TM to understand how talent is managed in organizations. This article discusses definitions of talent and talent management as coined by various authors and researchers along with that throws light on philosophies of TM, practices, drivers and challenges of TM. A newer perspective of organization design is propounded in the article as organization design is considered vital for organization's success. There are various factors, internal as well as external, that define competitive edge of the organization and organization design is one of them.

Keywords: Talent, talent management, philosophies, challenges, drivers, organization design.

Introduction

Field of talent management (TM) picked up very well with researchers, practitioners and academicians for almost two decades now, from the time McKinsey consultants coined the catch phrase "War of Talent" (Chambers et al, 1998). This does not mean that TM is completely a new concept rather it was practiced in early 1900s and was well established by 1950s (Cappelli & Keller, 2014). GE (General Electricals) is known to have practiced internal talent development since 1920s (Cappelli, 2010). Business needs were different then and hence practices followed were different. As the market situations changed in 1980s, the concept of open markets emerged and organizations had to adopt strategies to survive in new environment. Requirement of organizations evolved in terms of skilled manpower. The new environment had uncertainty of supply and demand of manpower (Cappelli, 2008).

In current scenario, as consumer needs cannot be predicted so are manpower needs because skills for future are difficult to predict. Organizations suffer set back because of obsolete technology and manpower. Upgrading employees to newer technology and trends is very demanding. Therefore

instead of investing in internal talent development, external hiring has increased (Crispin & Mehler, 2013). External hiring has become strategy for organizations that has made retention even more challenging.

To remain competitive in this era, organizations have to define TM and talent very clearly, adopt apt philosophies of TM, identify drivers and challenges of TM, determine TM practices and most importantly recognize significant role played by organization design.

Defining Talent Management & Talent

Today lot of literature is available to find out what TM means but still lack of clarity exists. Different researchers have defined TM with different point of views. Some call it as “a perspective or a mind-set” (Creelman, 2004), keeping right number of employees at the right time for the right job (Cohn et al, 2005), generating learning agility and professional development for all supported by organisation design (Beechler & Woodward, 2009). However, Chartered Institute of Personnel and Development (CIPD) defined talent management as the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of value to the organization (CIPD, 2015) and this definition is very well acknowledged.

Talent *per se* is not being defined clearly, neither by researchers nor by practitioners. In business world Talent is referred to what the business leaders consider fit for their organization’s requirements (Oaks & Galagan, 2011). Organizations commonly refer to Talent as individuals who possess the potential to reach higher levels in the organization (Tansley, 2011).

Talent has also been considered either as Object or as Subject. Object approach refers to personal characteristics of an individual and Subject approach defines talent as an individual (Gallardo-Gallardo et al, 2013).

Organization leaders rate TM as their top priority as it is considered to have very high impact on business performance (Reilly, 2012). If it is so then they should be able to define TM and ultimately measure it. Even between academicians and practitioners a shared definition is difficult to find and hence a confusion prevails as to what TM really is and what it aims to achieve.

Philosophies of Talent Management

Researchers have talked about philosophies related to talent and TM witnessed in organizations. It is discussed whether talent is innate (inborn) or can be acquired (developed) (Meyers et al, 2013).

Another argument is related to whether all the employees are talented or only some are talented within organizations (Buckingham & Vosburgh, 2001). Based on these arguments four TM philosophies are observed.

These TM philosophies are – Exclusive and Stable (innate), Exclusive and Developable, Inclusive and Stable (innate), Inclusive and Developable. Exclusive and Inclusive are TM approaches in organizations. Exclusive are the high performing, high potential employees, considered important for organizations (Boudreau & Ramstad, 2005). Researchers have supported inclusive approach which aims at including entire workforce for complete talent development in organization (Buckingham & Vosburgh, 2001). Stable (innate) and Developable are the extent of talent in an individual. Each of the philosophy has its own drawbacks and needs to be balanced by the organization in order to utilize available talent resources. Organizations also adopt an amalgamated philosophy, a combination of exclusive and inclusive approach (Stahl et al, 2012).

Talent Management Practices

TM is considered a business strategy to retain exceptional employees to have superior workforce. TM flows from organization's core values, vision, mission and goals. Five major TM practices identified are – Talent Acquisition, Talent Development, Talent Engagement, Talent Deployment and Talent Retention.

Talent acquisition is the process for planning, sourcing, hiring and on-boarding new employees in the organization. Attracting right talent for the organization is challenging and critical. Both internal and external sources are utilised in talent acquisition. Internal sources include referrals, promotions, rotations, transfers etc. Advancement in technology has benefitted external sources such as print, visual and social media. It is possible to access talent pool outside the organization by logging into the job portals.

Talent engagement is the magnitude of commitment and involvement an employee has towards the organization and its values. It is certainly visible and can be measured, the positivity and negativity in the employees' willingness to learn and perform at work.

William Kahn related employee engagement to psychological experiences at work that shape the process of keeping employees present or absent during performance (Kahn, 1990). Talent engagement is related to positive feeling employees have towards their job (Macey & Schneider, 2008), enthusiastic involvement and efforts they put into it (Falcone, 2006). Engaged employees

give their organizations crucial competitive advantage, including higher productivity and lower employee turnover. Reward and recognition for good work helps in better engagement of talent. Talent engagement activities like, training and development programs, team building activities, celebrating achievements, festivals, foundation day etc. help in attaining best results (Desai, 2010).

Organizations gain a competitive edge by creating an environment of knowledge sharing and continuous learning. Workforce with right knowledge and skills leads to overall business success and continued success of an organization is tied to the effectiveness of training and development initiatives. Whether TM approach is exclusive or inclusive, employees need a thoughtfully produced personal development plan (Campbell & Hirsh, 2013). Talent development is much broader, it involves building knowledge, skills, abilities, helping employees develop and achieve their potential so that the organizations can succeed and grow (Bingham, 2014). Talent development activities include coaching, mentoring, lectures, online sessions, on-the-job training etc.

Talent deployment is the process of identifying most suitable talent to fill in a critical position. This is bringing in the resources into effective action. How talent is deployed and positioned for success in an organization is much more important than the amount of talent available (Irvine, 2017). It is found that successful organizations deploy their talent at critical positions that helps them to steer overall business performance. Teams and network of talent drive success.

Retaining top talent is the primary concern for organizations to remain competitive in the era of globalization. It is a key aspect in success of an organization. Talent retention refers to the techniques utilized to help the employees stay with the organization for a longer period of time. Losing valuable talent would incur unprecedented costs. Hiring is not an easy process, it is very costly and time consuming. Also a new employee will take time to be productive.

Organizations are working on retention strategies to minimize the loss of valuable talent. It starts from the first day on job of a new hire. Orientation and onboarding sets the tone for other processes to follow. Allocating a mentor is a great idea to introduce organization's culture to the new comer. Every employee looks for a pat on the back when s/he goes an extra mile. Appreciate employees by appropriate rewards and recognition. A healthy work-life balance is essential and organization must convey it to employees that they understand it. To keep the employees updated with latest skills, training and development is a way for advancement. Fostering team spirit and keeping lines

of communication open between team members and leaders goes a long way in sharing thoughts and in retaining employees.

Drivers And Challenges of Talent Management

In recent years TM has turned into a top priority for organizations because of lesser availability of talented employees. People are an important strength for any organization, without them strategies would not be executed, customer delight cannot be created and innovation would never occur. Investing in employees would give non – imitable competitive edge to the organization (Pfeffer, 1998).

TM is required to create a culture for success in the organization. It is based on certain factors such as the internal beliefs which includes core values, talent strategy of the organization and talent management system, processes and procedures (Berger & Berger, 2011). It is vital for human resource department to place right talent at the right place and right talent is the biggest asset for an organization (Ramco, 2012). For organizations retaining talent is of ultimate importance to stay ahead of its competitors (Serendi, 2015).

Principle factors influencing TM practices include increasingly global labour market, vastly diverse workforce in relation to age, culture (CIPD,2006). Demographic trends create challenges for TM, young force in many countries is on decline (Vaiman et al, 2012). Apart from demographics, the challenges are because of increased mobility of the workforce. Cheaper travel and technology facilitates easy transit of employees resulting in organizations competing for talents internationally (Stahl & Bjorkman, 2007).

Why Organization Design Is Important – A Newer Perspective

Organization design is considered vital for organization's success and achieving competitive advantage. Several factors, within and outside the organization, constitute organization design. These factors play very influencing role on every activity that happens within the organization because anything and everything that happens in an organization is part of its organization design. Hyper competition makes it even tougher for organizations to remain competitive in market. Technology and global expansion adds further to prevailing challenges organizations face today (Wellins, Smith, & Erker, 2010). For organizations to remain competitive in today's dynamic world it is important to pay attention to vision and organization practices that form part of organization design (Kilman et al, 1974). As the organizations develop, grow and evolve

responding to external factors become evident and new elements are integrated in the organization. Because of increased global competition and use of information technology, managers are in search of newer ways to motivate and coordinate with employees. Organization design has key implications for ability of an organization to deal with contingencies, develop competitive advantage, efficiently manage workforce diversity and enhance ability to innovate and develop new products to remain competitive in the market (Chand, 2018).

It is understood that organization design impacts organization's performance and hence there is a strong link between organization design and TM. Because design elements influence the conceptualisation of TM, the way it is developed and practiced, the efficacy of TM is also determined by the elements of organization design.

Interlinkage between TM and organization design becomes self-evident when organizations contemplate on relationship of TM with strategy formulation and implementation that has overarching impact on organizational performance. Business goals and strategies propel the quantity and quality of talent required. A right blend of talent is essential to carry forward and implement the plans of top management. Clear lines of communication are required to highlight vision of the organization, role accountability ensures delivery of right results, skill development and aligning TM initiatives with business drivers moves the organization in desired direction.

It is of utmost importance that senior leaders of the organization make courageous decisions to ensure deployment of right talent for right roles at the right time. It is essential to guarantee bench strength of all rounded leadership and management talent pipeline that can take up executive roles in future. Organizations must design or redesign itself to accommodate technical and managerial acumen of key talent who are responsible for getting collaboration and cooperation of people working under them. A good connection between capabilities that are needed and the leadership talent available is essential. There various ways an organization can be successfully (re)designed to maintain competitive advantage in the market. It can start with understanding organization's purpose or vision which would make the thought process clear. It also important to know the building blocks of the organization, these blocks keep the organization together and do not let the organization fall apart. There are several factors that are to be considered on which an organization can or cannot have control. These factors are within and outside the organization. The internal factors can be controlled and navigated to minimize the impact of external factors that remain out of control for organization. In this way organization also build their strengths and make it a core

competency. This helps to attract talent towards the organization and creates a brand for the employer. Lastly, restructuring may not always be the solution for bringing change or setting things right in the organization. It should probably be the last element in organization design to be changed in isolation.

Conclusion

Managing talent is not a newly introduced concept in organizations rather it has been practiced since ancient times but with a different perspective. As the needs evolved so have practices. Various challenges have been associated with TM and with increased globalization and technology developments these challenges have become apparent. The challenges arise from change in demographics, ease of travel and use of technology. Organizations have different approaches to TM. It mainly depends on the philosophy whether talent is inborn or can be acquired and whether everyone be part of TM (inclusive) or only a selected few (exclusive) be considered talent and taken forward in organization. A newer perspective to TM is added when influence of organization design is seen on TM practices. Organization design plays a very important role in shaping TM practices.

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