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Talent management

KEY CONCEPTS AND TERMS

Career planning	Talent on demand policies
Portfolio career	Talent pipeline
Protean career	Talent planning
Succession planning	Talent pool
Talent	Talent relationship management
Talent management	War for talent

LEARNING OUTCOMES

On completing this chapter you should be able to define these key concepts. You should also know about:

- The meaning of talent management
- The process of talent management
- Developing a talent management strategy
- Management succession planning
- Career management

Introduction

The process of talent management is based on the proposition that ‘those with the best people win’. It emerged in the late 1990s when McKinsey and Company coined the phrase ‘the war for talent’. It has now been recognized as a major resourcing activity, although its elements are familiar. The fundamental concept of talent management – that it is necessary to engage in talent planning to build a talent pool by means of a talent pipeline – is a key

concern of human resource management. Talent management was defined by Tansley and Tietze (2013: 1804) as follows: ‘Talent management contains strategies and protocols for the systematic attraction, identification, development, retention and deployment of individuals with high potential who are of particular value to an organization.’ However, this definition refers to ‘individuals with high potential’ and although this may be the usual approach, some people believe that talent management covers everybody – on the grounds that all

people have talent and talent management activities should not be restricted to the favoured few.

There are many versions of talent management but in one way or another most incorporate typical HRM activities such as potential assessment, leadership and management development, succession planning and career planning. This chapter covers the meaning of talent management and talent management strategy and the processes involved. Two important aspects of talent management – management succession planning and career management – are dealt with at the end of the chapter.

Talent management defined

Talent management is the process of ensuring that the organization has the talented people it needs to attain its business goals. It involves the strategic management of the flow of talent through an organization by creating and maintaining a talent pipeline. As suggested by Younger *et al* (2007), the approaches required include emphasizing ‘growth from within’; regarding talent development as a key element of the business strategy; being clear about the competencies and qualities that matter; maintaining well-defined career paths; taking management development, coaching and mentoring seriously; and demanding high performance.

The term ‘talent management’ may refer simply to management succession planning and/or management development activities, although this notion does not really add anything to these familiar processes except a new name – admittedly quite an evocative one. It is better to regard talent management as a more comprehensive and integrated bundle of activities, the aim of which is to create a pool of talent in an organization, bearing in mind that talent is a major corporate resource.

According to Lewis and Hackman (2006), talent management is defined in three ways: 1) as a combination of standard human resource management practices such as recruitment, selection and career development; 2) as the creation of a large talent pool, ensuring the quantitative and qualitative flow of employees through the organization (ie akin to succession or human resource planning); (3) as a good based on demographic necessity to manage talent.

Iles *et al* (2010: 127) identified three broad strands of thought about talent management:

- 1 It is not essentially different from human resource management or human resource development. Both are about getting the right people in the right job at the right time and managing the supply and development of people for the organization.
- 2 It is simply integrated HRD with a selective focus on a small ‘talented’ section of the workforce (a ‘talent pool’).
- 3 It involves organizationally focused competence development through managing and developing flows of talent through the organization. The focus is on the talent pipeline rather than the talent pool. This strand is closely related to succession and human resource planning.

The extent to which talent management is a new idea or simply a bundle of existing practices has been questioned. Iles and Preece (2010: 244–45) observed that:

Many current ideas in talent management, now often presented as novel and best practice, such as assessing potential, 360-degree feedback, assessment centres and coaching, come from the 1950s era of large stable bureaucracies and sophisticated succession planning as part of more general ‘manpower planning’.

And David Guest, cited by Warren (2006: 29), commented that:

Organizations espouse a lot of notions about talent management and give it a lot of emphasis, but in practical terms it doesn’t have a very different meaning to what most organizations have always done. Talent management is an idea that has been around a long time. It’s been relabelled.

But he also noted that the process of bringing together some old ideas gives them a freshness and that it can provide a means of integrating these practices so that a coherent approach is adopted by the use of mutually supportive practices.

Before describing the process of talent management it is necessary to answer three questions:

- 1 What is talent?
- 2 What does it mean when reference is made to ‘the war for talent’?
- 3 Who is covered by talent management programmes?

Talent defined

Talent was defined by Michaels *et al* (2001, *xii*) as ‘the sum of a person’s abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character and drive. It also includes his or her ability to learn and grow.’

Talent is what people must have in order to perform well in their roles. They make a difference to organizational performance through their immediate efforts and they have the potential to make an important contribution in the future. Talent management aims to identify, obtain, keep and develop those talented people.

The war for talent

Following the McKinsey lead, the phrase ‘the war for talent’ has become a familiar metaphor for talent management. Michaels (of McKinsey and Co) *et al* (2001) identified five imperatives that companies need to act on if they are going to win what they called the ‘war for managerial talent’:

- 1 Creating a winning employee value proposition that will make your company uniquely attractive to talent.
- 2 Moving beyond recruiting hype to build a long-term recruiting strategy.
- 3 Using job experience, coaching and mentoring to cultivate the potential in managers.
- 4 Strengthening the talent pool by investing in A players, developing B players and acting decisively on C players.
- 5 Central to this approach is a pervasive mindset – a deep conviction shared by leaders throughout the company that competitive advantage comes from having better talent at all levels.

But Pfeffer (2001: 258) expressed doubts about the war for talent concept, which he believed was the wrong metaphor for organizational success. He argued that:

Fighting the war for talent can readily create self-fulfilling prophecies that leave a large portion of the workforce demotivated or ready to quit, and produce an arrogant attitude that makes it hard to learn or listen. It can cause the company

to focus always on getting better people, mainly from outside, instead of fixing the culture and system of management practices that research has shown are consequential for performance.

He suggested (*ibid*: 249) that perceiving talent management as a ‘war’ leads to:

- an invariable emphasis on individual performance thereby damaging team work;
- a tendency to glorify the talents of those outside the company and downplay the skills and abilities of insiders;
- those labelled as less able becoming less able because they are asked to do less and given fewer resources and training;
- a de-emphasis on fixing the systemic, cultural and business issues that are invariably more important for enhancing performance;
- the development of an elitist, arrogant attitude (*cf* Enron).

The people involved

There are different opinions about who should be involved. On the one hand there is the view that you must pay most attention to the best, while on the other, the view is that everyone has talent and it is not just about the favoured few. Iles and Preece (2010: 248) have identified three main perspectives:

- 1 Exclusive people – key people with high performance and/or potential irrespective of position.
- 2 Exclusive position – the right people in the strategically critical jobs.
- 3 Inclusive people – everyone in the organization is seen as actually or potentially talented, given opportunity and direction.

The first two perspectives, or a combination of the two, are the most common. Many organizations focus on the elite. For example, Microsoft UK is most concerned with its ‘A list’, the top 10 per cent of performers, regardless of role and level, whilst Six Continents targets executives below board level and high-potential individuals, as the two cadres are likely to provide their leaders of tomorrow. Huselid *et al* (2005) argued that talent management policies should concentrate on ‘A positions’. McDonnell and Collings (2011: 58) suggested that

talent management is ‘primarily concerned with those who add value to the organization... those who possess the potential to have a differential impact on organizational success’. They therefore argued that talent management should focus on these individuals rather than including everyone in the organization.

According to Clarke and Winkler (2006), the inclusive people approach is comparatively rare in practice, although there have been strong advocates of it such as Buckingham and Vosburgh (2001: 18), who wrote that talent is inherent in each person: ‘HR’s most basic challenge is to help one particular person increase his or her performance; to be successful in the future we must restore our focus on the unique talents of each individual employee, and on the right way to transfer those talents into lasting performance.’ If exclusive approaches are adopted there is a danger of talent management being perceived as an elitist process. Creating a talent pool of a limited number of individuals may alienate those who are left out. Thorne and Pellant (2007: 9) argued that: ‘No organization should focus all its attention on development of only part of its human capital. What is important, however, is recognizing the needs of different individuals within its community.’ The CIPD (2010a: 1) asserted that: ‘Talent management and diversity need to be interlinked. Diversity should be threaded through all talent management activities and strategies to ensure that organizations make the best use of the talent and skills of all their employees in ways that are aligned to business objectives.’

The most common view seems to be that the aims of talent management are to obtain, identify and develop people with high potential. But it should not be at the expense of the development needs of people generally. The McKinsey prescription has often been misinterpreted as meaning that talent management is only about obtaining, identifying and nurturing high-flyers, ignoring the point made by Michaels *et al* (2001) that competitive advantage comes from having better talent at all levels.

A case study of a global management consultancy (Tansley and Tietze, 2013) revealed that the consultancy’s approach to talent management was both inclusive (everyone is talented) and exclusive (key people were developed in ways different to those adopted for ‘everyday talent’). This was expressed by the company’s Talent Development Director as follows:

Talent in the Firm means two things. One I think that everybody is a talented individual. We recruit bright people intellectually. But our business also has the responsibility to help them realize that. So there is a fundamental belief that everyone is talented, and there is a belief that we do need to identify future leaders, who are going to lead key parts or have key roles in the business in the future and these would be quite senior roles. And that identifying talent to these spaces, and helping people to gravitate towards one of these roles, will be the key challenge for us.

These beliefs were put into affect by the firm through a talent progression sequence of four stages:

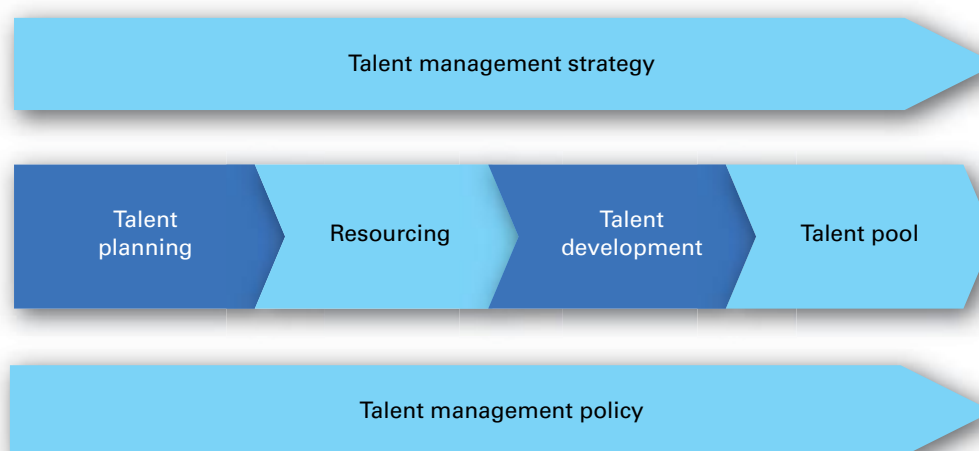
- 1 *Rising talent* – highly educated graduate recruits who are given education and training for core technical or professional roles.
- 2 *Emerging leaders* – who are given training and education for management under the guidance of sponsors or mentors.
- 3 *Next generation leaders* – who undertake leadership development programmes and may attend a corporate academy.
- 4 *Corporate next generation leaders* – who are provided with one-to-one development through coaches and mentors and briefed on corporate/governance strategy.

The process of talent management

The process of talent management can be described as a pipeline that, as illustrated in Figure 20.1, operates within the parameters of talent strategy and policy and starts with talent planning, followed by a sequence of resourcing and talent development activities to produce a talent pool.

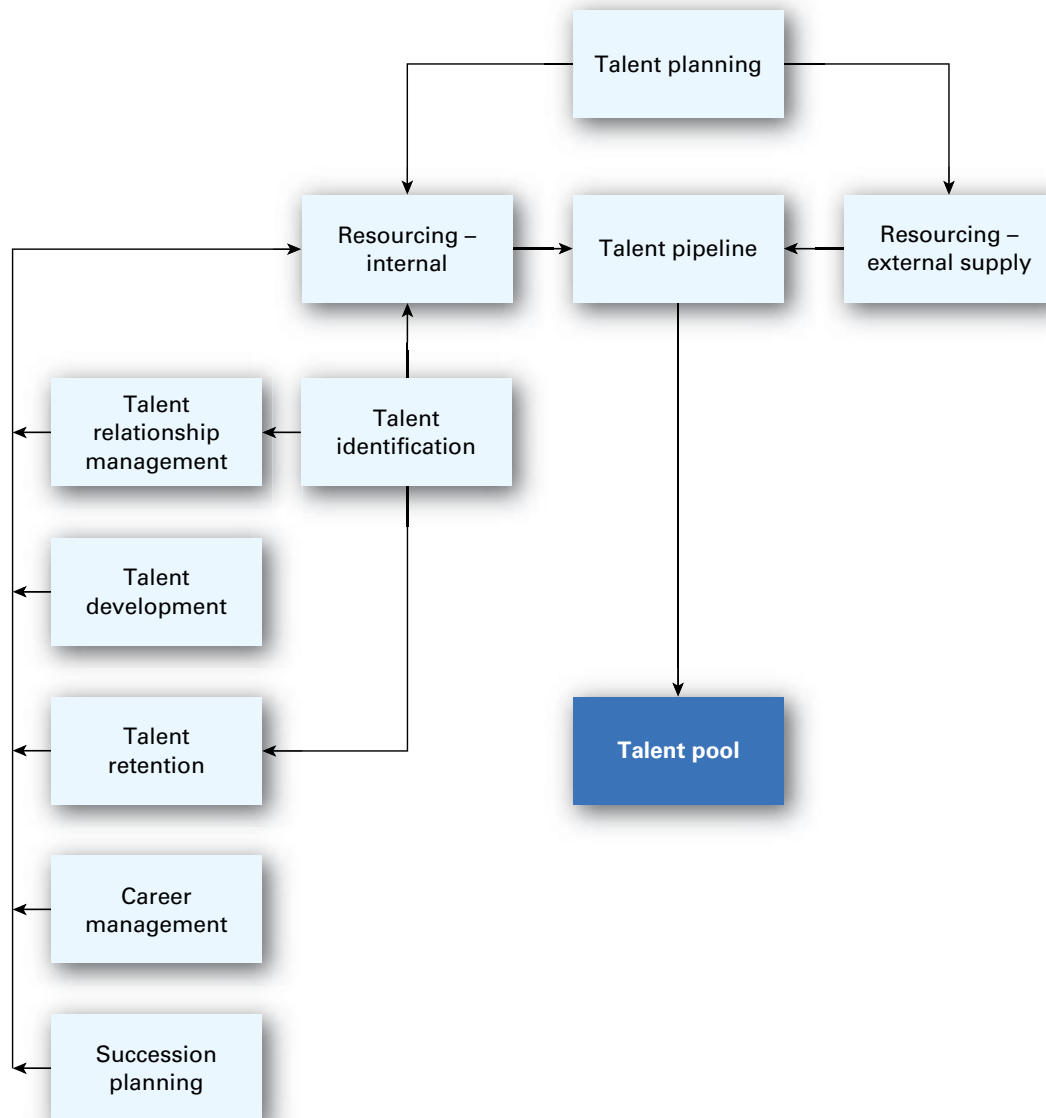
A more detailed flow chart of the process of talent management is shown in Figure 20.2.

Talent management starts with the business strategy and what it signifies in terms of the future demand for talented people. Ultimately, the aim is to develop and maintain a pool of talented people through the talent pipeline, which consists of the processes of resourcing, career planning and talent

FIGURE 20.1 The talent management pipeline

development that maintain the flow of talent needed by the organization. Its elements are:

- *Talent planning* – the process of establishing how many and what sort of talented people are needed now and in the future. It uses the techniques of workforce planning as described in Chapter 17 and leads to the development of policies for attracting and retaining talent and for estimating future requirements as monitored by talent audits.
- *Resourcing* – the outcomes of talent planning are programmes for obtaining people from within and outside the organization (internal and external resourcing). Internally they involve the identification of talent, talent development and career management. Externally they mean the implementation of policies for attracting high-quality people.
- *Talent identification* – the use of talent audits to establish who is eligible to become part of the talent pool and to benefit from learning and development and career management programmes. The information for talent audits can be generated by a performance management system that identifies those with abilities and potential.
- *Talent relationship management* – building effective relationships with people in their roles. It is better to build on an existing relationship rather than try to create a new one when someone leaves. The aims are to recognize the value of individual employees, provide opportunities for growth, treat them fairly and achieve ‘talent engagement’, ensuring that people are committed to their work and the organization.
- *Talent development* – learning and development policies and programmes are key components of talent management. They aim to ensure that people acquire and enhance the skills and competencies they need. Policies should be formulated by reference to ‘employee success profiles’, which are described in terms of competencies and define the qualities that need to be developed. Leadership and management development programmes as described in Chapter 24 play an important part.
- *Talent retention* – the implementation of policies designed to ensure that talented people remain as engaged and committed members of the organization (retention planning is covered in Chapter 19).
- *Career management* – as discussed later in this chapter, this is concerned with the provision of opportunities for people to

FIGURE 20.2 The talent management process

develop their abilities and their careers so that the organization has the flow of talent it needs and they can satisfy their own aspirations.

- *Management succession planning* – as far as possible, the objective is to see that the organization has the managers it requires to meet future business needs. It is considered in detail later in this chapter.

- *The talent pipeline* – the processes of resourcing, talent development and career planning that maintain the flow of talent needed to create the talent pool required by the organization.
- *The talent pool* – the resources of talent available to an organization.

Talent management strategy

Cappelli (2008) suggested that the signs of a successful talent management strategy are that it is inclusive and that it can address and resolve any incongruity between the supply and demand of talent. He stated that too many firms have more employees than they need for available positions, or a talent shortfall, and always at the wrong times. He argued that talent management should not just be about employee development or succession planning, as many of the commonplace definitions suggest, but should focus on helping the firm attain its strategic objectives. His four principles for 'talent on demand' were:

- 1 Make and buy talent to manage the demand-side risk.
- 2 Reduce the uncertainty in talent demand.
- 3 Earn a return on investment in developing employees.
- 4 Employee interests should be balanced by creating an internal labour market that offers all the advantages of the external labour market to reduce staff turnover and to avoid the associated loss of talent and costs.

A talent management strategy consists of a view on how the processes involved in creating a talent pool should mesh together with an overall objective – to acquire and nurture talent wherever it is and wherever it is needed by using a number of interdependent policies and practices. Talent management is the notion of 'bundling' in action. The strategy should be based on definitions of what is meant by talent in terms of competencies and potential, who the talent management programme should cover, and the future talent requirements of the organization. The aims should be to:

- develop the organization as an 'employer of choice';
- plan and implement recruitment and selection programmes that ensure good-quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time (but not necessarily for life);
- plan and implement talent retention programmes;
- introduce reward policies that help to attract and retain high-quality staff;

- design jobs and develop roles that give people opportunities to apply and grow their skills and provide them with autonomy, interest and challenge;
- implement talent development programmes;
- provide talented staff with opportunities for career development and growth;
- recognize those with talent by rewarding excellence, enterprise and achievement;
- generate and maintain a talent pool so that 'talent on demand' is available to provide for management succession.

It can be difficult to introduce comprehensive talent management processes covering all the activities involved. A phased approach may be best. Resourcing activities take place anyhow, although the advantages of planning them on the basis of assessments of talent requirements are considerable; and it makes sense to devote energies to retaining key staff. But beyond that, the starting point in practice for an extended talent management programme could be a process of identifying people with talent through a performance management system. It would then be possible to concentrate on leadership and management development programmes. Sophisticated approaches to career planning and, possibly, succession planning could be introduced later.

What is happening in talent management

A study by CIPD (2007) of nine UK private and public sector organizations found that:

- What is seen as talent and how it is developed is highly varied.
- There is no one definition of talent management.
- There was little evidence of employers adopting a formal talent management strategy.
- Talent management programmes varied in terms of who they were aimed at and how.
- There were issues relating to the demotivation of individuals not selected for

talent management, especially if this meant that they had fewer resources and opportunities for progression.

- There was often a lack of integration with other HR programmes.

The CIPD 2013 learning and talent development survey revealed that the six most important objectives of respondents' talent management policies were:

- 1 Growing future senior managers/leaders (62 per cent).
- 2 Developing high-potential employees (60 per cent).
- 3 Enabling the achievement of the organization's strategic goals (37 per cent).
- 4 Retaining key staff (36 per cent).
- 5 Meeting the future skills requirements of the organization (32 per cent).
- 6 Attracting and recruiting key staff to the organization (27 per cent).

The most effective approach used by respondents was coaching, followed by development programmes and mentoring.

Career management

Career management is about providing the organization with the flow of talent it needs. But it is also concerned with the provision of opportunities for people to develop their abilities and their careers in order to satisfy their own aspirations. It integrates the needs of the organization with the needs of the individual.

An important part of career management is career planning, which shapes the progression of individuals within an organization in accordance with assessments of organizational needs, defined employee success profiles and the performance, potential and preferences of individual members of the enterprise. Career management also involves career counselling to help people develop their careers to their advantage as well as that of the organization.

Career management has to take account of the fact that many people are not interested in developing their careers in one organization and prefer to look

for new experience elsewhere. But as De Vos and Dries (2013: 1828) point out: 'Although careers for life, admittedly, are a reality from a distant past, the organizational career is far from dead.'

Aims

For the organization, the aim of career management is to meet the objectives of its talent management policies, which are to ensure that there is a talent flow that creates and maintains the required talent pool. For employees, the aims of career management policies are: 1) to give them the guidance, support and encouragement they need to fulfil their potential and achieve a successful career with the organization in tune with their talents and ambitions; and 2) to provide those with promise a sequence of experience and learning activities that will equip them for whatever level of responsibility they have the ability to reach.

Career management calls for an approach that explicitly takes into account both organizational needs and employee interests. It calls for creativity in identifying ways to provide development opportunities. Career management policies and practices are best based on an understanding of the stages through which careers progress in organizations.

Career stages

The stages of a career within an organization can be described as a career life cycle. Hall (1984) set this out as follows:

- 1 Entry to the organization, when the individual can begin the process of self-directed career planning.
- 2 Progress within particular areas of work, where skills and potential are developed through experience, training, coaching, mentoring and performance management.
- 3 Mid-career, when some people will still have good career prospects while others may have got as far as they are going to get, or at least feel that they have. It is necessary to ensure that these 'plateaued' people do not lose interest at this stage by taking such steps as providing them with cross-functional moves, job rotation, special assignments, recognition and rewards for effective performance, etc.

- 4 Later career, when individuals may have settled down at whatever level they have reached but are beginning to be concerned about the future. They need to be treated with respect as people who are still making a contribution and be given opportunities to take on new challenges wherever this is possible. They may also need reassurance about their future with the organization and what is to happen to them when they leave.
- 5 End of career with the organization – the possibility of phasing disengagement by being given the chance to work part-time for a period before they finally have to go should be considered at this stage.

Career dynamics

Career management should be based on an understanding of career dynamics. This is concerned with how careers progress – the ways in which people move through their careers either upwards when they are promoted, or by enlarging or enriching their roles to take on greater responsibilities or make more use of their skills and abilities. The three stages of career progression – expanding, establishing and

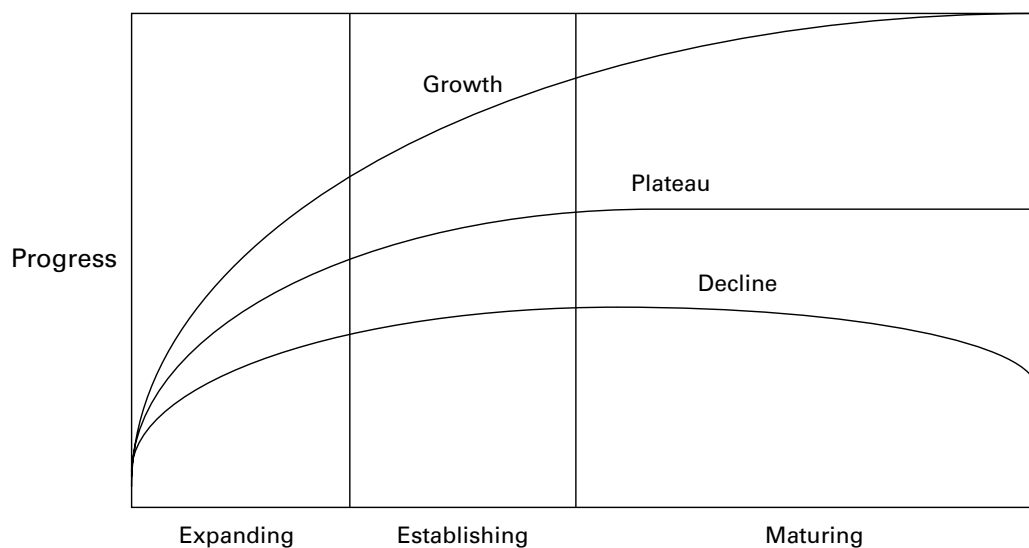
maturing – are illustrated in Figure 20.3. This also shows how individuals progress or fail to progress at different rates through these stages.

Career development strategy

A career development strategy might include the following activities:

- a policy of promoting from within wherever possible;
- career routes enabling talented people to move upwards or laterally in the organization as their development and job opportunities take them;
- personal development planning as a major part of the performance management process, to develop each individual's knowledge and skills;
- systems and processes to achieve sharing and development of knowledge (especially tacit) across the firm;
- multidisciplinary project teams, with a shifting membership, to offer developmental opportunities for as wide a range of employees as possible.

FIGURE 20.3 Career progression stages



Career management activities

As described by Hirsh and Carter (2002), career management encompasses recruitment, personal development plans, lateral moves, special assignments at home or abroad, development positions, career bridges, lateral moves and support for employees who want to develop.

Baruch and Peiperl (2000) identified 17 career management practices, and their survey of 194 UK companies established a rank order for their use. The practices are listed below in order, from most frequent to least frequent use:

- 1 Postings regarding internal job openings.
- 2 Formal education as part of career development.
- 3 Performance appraisal as a basis for career planning.
- 4 Career counselling by manager.
- 5 Lateral moves to create cross-functional experience.
- 6 Career counselling by HR department.
- 7 Retirement preparation programmes.
- 8 Succession planning.
- 9 Formal mentoring.
- 10 Common career paths.

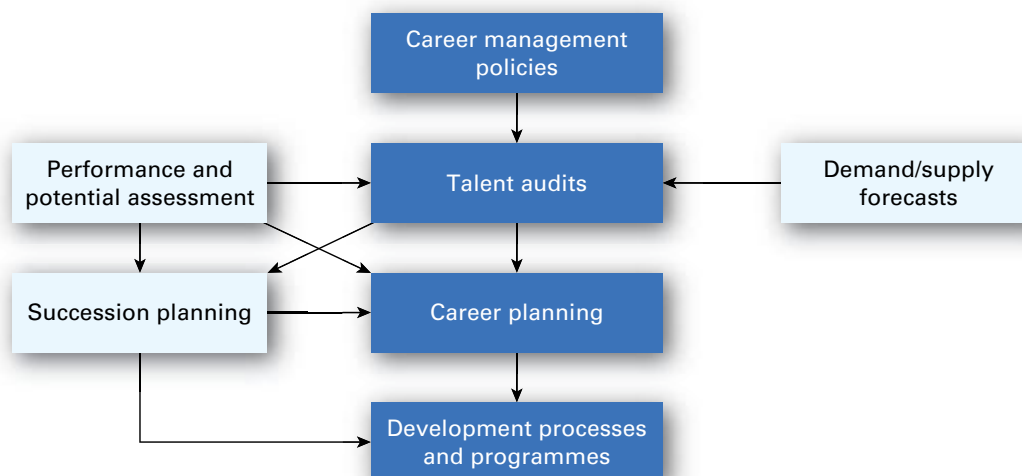
- 11 Dual ladder career paths (parallel hierarchy for professional staff).
- 12 Books and/or pamphlets on career issues.
- 13 Written personal career planning (as done by the organization or personally).
- 14 Assessment centres.
- 15 Peer appraisal.
- 16 Career workshops.
- 17 Upward (subordinate) appraisal.

The process of career management is illustrated in Figure 20.4.

Career management policies

The organization needs to decide on the degree to which it ‘makes or buys’ talented people, which means answering the questions: to what extent it should grow its own talent (a promotion from within policy); how much it should rely on external recruitment (bringing ‘fresh blood’ into the organization). The policy may be to recruit potentially high performers who will be good at their present job and are rewarded accordingly. If they are really good, they will be promoted and the enterprise will get what it wants. Deliberately training managers for a future that will never happen is a waste of time.

FIGURE 20.4 The process of career management



In contrast, and much less frequently, employers who believe in long-term career planning develop structured approaches to career management. These include elaborate reviews of performance and potential, assessment centres to identify talent or confirm that it is there, high-flyer schemes and planned job moves in line with a predetermined programme.

There may also be policies for dealing with the ‘plateaued’ manager who has got so far but will get no further. Some managers in this position may be reconciled to reaching that level but continue to work effectively. Others will become bored, frustrated and unproductive, especially rising stars who are on the wane. The steps that can be taken to deal with this problem include:

- lateral moves into different functional areas or specialized subsidiaries, to provide new challenges and career breadth;
- temporary assignments and secondments outside the organization;
- appointments as leaders of project teams set up to deal with performance barriers inside the organization such as the slowness of responses to customer complaints.

Career planning

Career planning involves the definition of career paths – the routes people can take to advance their

careers within an organization. It uses all the information provided by the organization’s assessments of requirements, the assessments of performance and potential and management succession plans, and translates it into the form of individual career development programmes and general arrangements for management development, career counselling and mentoring.

It is possible to define career progression in terms of what people are required to know and be able to do to carry out work to progress up the ‘career ladder’ (the sequence of jobs at increasing levels of responsibility that constitutes a career). These levels can be described as ‘competency bands’. For each band, the competencies needed to achieve a move to that level would be defined in order to produce a career map incorporating ‘aiming points’ for individuals, as illustrated in Figure 20.5. People would be made aware of the competency levels they must reach to achieve progress in their careers. This would help them to plan their own development, although support and guidance should be provided by their managers, HR specialists and, if they exist, management development advisers or mentors. The provision of additional experience and training could be arranged as appropriate, but it would be important to clarify what individual employees need to do for themselves if they want to progress within the organization. At Procter & Gamble, for example, ‘destination jobs’ are identified for rising

FIGURE 20.5 Competency band career progression system

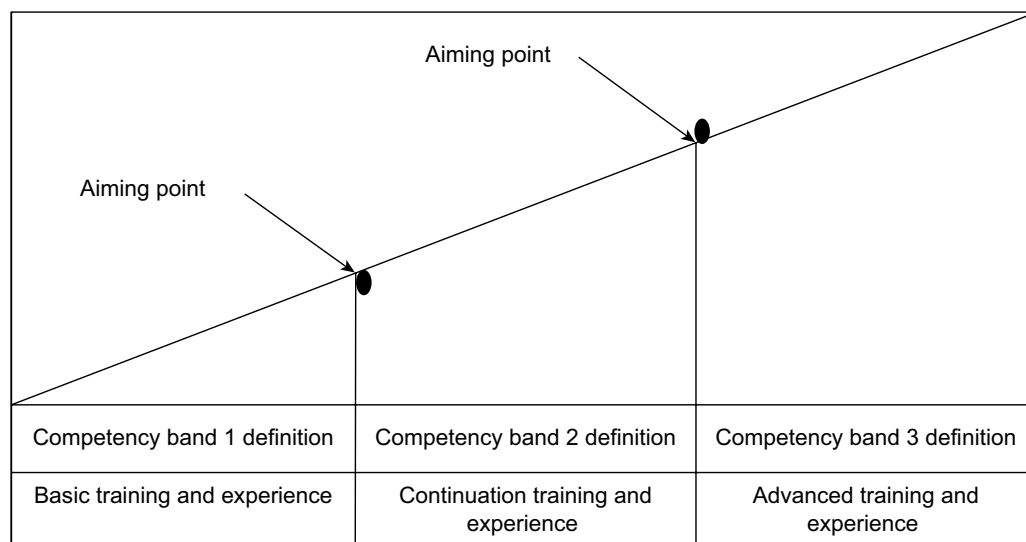
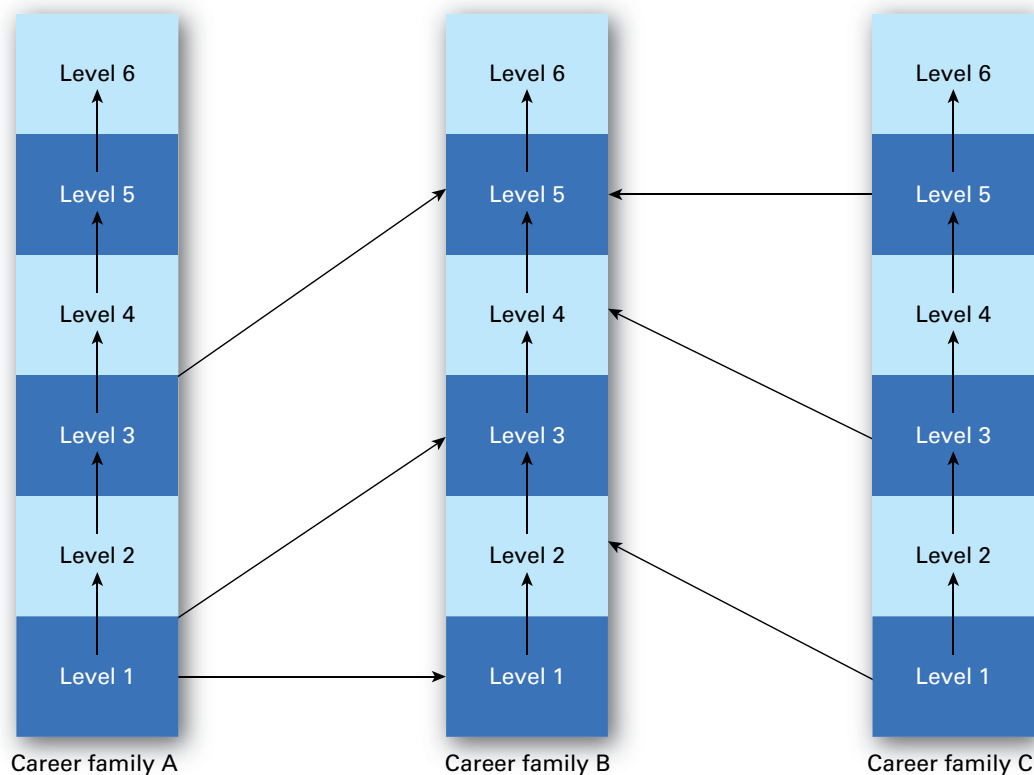


FIGURE 20.6 Career paths in a career family structure

stars, which are attainable only if the employee continues to perform, impress and demonstrate growth potential.

Career family grade structures, as described in Chapter 27, can define levels of competency in each career family and show career paths upwards within families or between families. This is illustrated in Figure 20.6.

Formal career planning may be the ideal but, as noted by Hirsh *et al* (2000), there has been a shift from managed career moves to more open internal job markets. The process of internal job application has become the main way in which employees progress their careers.

Self-managed careers

The organization may need to manage careers as part of its talent management and management

succession programmes and can provide support and guidance to people with potential. Ultimately, however, it is up to individuals to manage their own careers within and beyond their present organization. Handy (1984) used the term ‘portfolio career’ to describe his forecast that people will increasingly change the direction of their careers during the course of their working life. Hall (1996) coined the phrase the ‘protean career’ in which individuals take responsibility for transforming their career path (the name comes from the Greek god Proteus, who could change his shape at will).

Schein (1978) originated the notion of ‘career anchors’. He defined them as the self-concept of people, consisting of self-perceived talents and abilities, basic values and a sense of motives and needs relating to their careers. As people gain work experience, career anchors evolve and function as stabilizing forces, hence the metaphor of ‘anchor’.