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The war for talent: A key to organizational success

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Abstract

Talent in commercial world is sometimes hard to spot. It is sometimes well hidden, covered by the daily pressures generated by the short, medium and long-term results required by the business concerns. It is massively important that this talent is uncovered to fulfill its potential. *Talent Management helps individual and organizational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organization culture.*

The forces of the war for talent add-up to a fundamental shift in the business environment, requiring companies to radically adjust the way they manage people. The search for the best and the brightest will become a constant, expensive battle, a fight with no final victory. The companies have to devise more imaginative hiring practices than to work hard to keep their best people. There is no single formula for effective talent management. It is perhaps more useful to think in terms of talent functions i.e. talent procurement; talent plight; talent development; talent positioning and talent retention, that offer openings for strategies to achieve competitive advantage. These talent functions are interrelated and companies need to ensure that their overall approach focuses all areas and achieves the specific needs of the organization.

In this paper an attempt is made to discuss the theoretical aspects on the talent functions and also the strategies followed by the organizations to achieve competitive advantage.

Keywords: Talent Management, Downsizing, Outsourcing, Invisible talent, Human Capital

1. Introduction

Talent Management can be explained as

- The process of matching the supply and demand of talent workforce to achieve the planned objectives in alignment with the business goals.

-A conscious, deliberate approach undertaken to attract, develop and retain the workforce with the aptitude and skills to meet present and future requirements of the business organizations.

- The talent management involves the individual and organizational development in response to the changing business environment. It includes the creation and maintenance of the required workforce, oriented to the organization culture.

Significance of Talent Management

In the present corporate business world, the talent management is gaining an increased attention by the management. In the name of the talent management (TM) a number of important human resources (HR) and management initiatives brings together. The business organizations that formally decide to manage their talent initiate a strategic analysis of current human resource processes. Thus, it ensures co-ordination, performance achievement orientation, for which organizations quite often adopting a talent approach which focus on coordinating and integrating different HR activities, viz.,

- Workforce planning - planning for skills according to the changes, including the older workforce and current/future skills shortages.
- Recruitment - ensuring the suitable people are attracted to the business organization.
- Workforce development - ensuring continuous formal and informal learning for up-dating.

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- Leadership development - specialized development programs for present and future leaders.
- Performance analysis - specific processes that nurture and support performance.
- Culture - development of positive, progressive and high cultural values for operation.
- Retention - advancing and enforcing practices that reward and support workforce.

Among the above said points, the most important one to identify the workforce (people and positions) that is critical to the business organization. The workforce does not necessarily to be senior staff members. In many times, the organizations lost a lot of organizational knowledge in the downsizing exercise of the employees a few years ago. The impact of this downsizing of staff loss was not immediately apparent. However, it did not catch long time for many organizations to realize their mistake, when they did not have the employees with the adequate knowledge and skills to either foresee or face the difficulties that arose from time to time.

The current debate about the skill shortages and the ageing population are also helping to the business firms to spotlight on the talent management issue. All the time, it may not be possible to simply go out and recruit the new people to meet the organizational requirements. There are several leading organizations decided to develop their own employees, rather than trying to hire them from outsourcing the required skill employees.

In this paper an attempt is made to discuss the theoretical aspects on the talent functions and also the strategies followed by the organizations to achieve competitive advantage.

The War for Talent

The McKinsey & Co for the first time coined the term “the war for talent” for an original research on talent management practices. After that it was realized and named the phenomenon that many people had been experiencing, but that had not really been captured before and it has reverberated throughout the business world ever since. Though, the talent management has always been an important issue, but now it is more a critical area for management.

At present in the competitive knowledge-based world, the caliber of an organization talent increasingly determines the success in the marketplace. At the same time, attracting and retaining the most talent people is becoming very difficult, as demand for high skilled people outstrips the supply. The war for talent will persist for at least the next two to three decades period. The forces that are causing it are deep and powerful and the war for talent is a business reality. A few business organizations are realizing its importance and are recasting their approach to talent management, but most of the organizations are not yet out of the starting blocks.

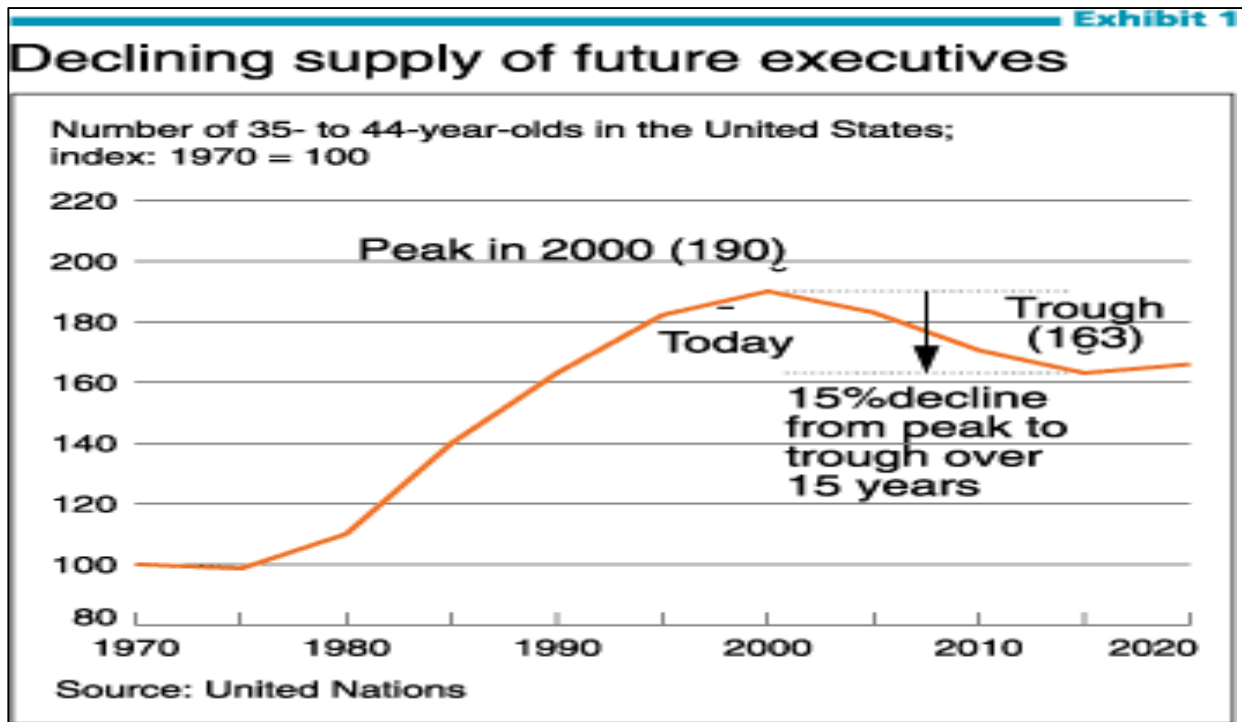
Better talent is worth fighting for taking quick and sound decisions in situations of uncertainty and to steer through a right path is critical. The search for the best and the efficient will become a constant, costly battle and war with no final

winning. Not only the companies have to devise more imaginative hiring practices; they should also work more to keep their best people. In the present economy, competition is global, resources are abundant, ideas are developed fast and economically and people are willing to remodeling jobs often. Talented people in the good culture have better ideas, implement those ideas effectively - and even develop others better. Today, the bigger organizations are finding it difficult to attract and retain the talented people. The availability of senior executives and experienced experts are in severe and worsening shortage in many corporate houses, which needed to run and manage critical functions, let alone lead business firms.

In today's competitive global market environment, the sourcing, attracting, recruiting and retaining the talented people that best meet the needs of company is very crucial and at the same time, increasingly difficult. The value of physical assets has declined relative to the value of intangible assets, such as proprietary intellectual capital, winning brands and innovative ideas. During the last decade, the talent has become more important than capital asset, which creates miracles. For many companies, people are the prime source of competitive advantage. The best talent will be the tomorrow's main source for competitive advantage. The talent-winners recruit the people continuously rather than simply to fill the vacancies as and arises. About one third of human resource directors at top corporate organizations strongly agree that they are always looking for best talent and bring it in whenever they find it, compared to few percent at middle level companies.

Further, the executive talent has been the most under-managed corporate property during the last two decades period. The business organizations that manage their assets with ordeal and sophistication have not made their people a priority in the same way. It is a fact that there is a war for talent and it will intensify in the days to come. Many corporate organizations are already suffering a shortage of executive talent. Everyone knows the business organizations, where the main jobs go craving, business objectives dwindle and compensation packages escalate. Many surveys conducted on this issue and found that their organizations had sometimes inadequate and insufficient talent at the higher positions. But what should keep CEOs awake at night is a number of trends that threaten an absolute shortage of talent in the next few years.

Until now, the executive population has grown on par with the GDP, which shows that an economic growth rate of two per cent for a decade period would grow a demand for executives by more than that, but supply is moving in the opposite direction. But supply is moving in the opposite direction: the number of middle age employees will decline by 15 percent between 2000 and 2015 (exhibit-1). Moreover, no significant nullifying trends are apparent. Further, the women are no longer surging into the workforce, executive productivity improvements have flattened, migration levels are on rising trend and executives are not prolonging their careers. This would be a greater challenge for the corporate organizations in the days to come.



The large business organizations are facing the three qualitative challenges at present. First, a more demand for sophisticated talent with global acumen, technological literacy, entrepreneurial skills and the ability to manage increasingly delivered, disaggregated organizations. Second, the recent developments in capital markets have enabled the rise of many small-scale units that are increasingly targeting the same talent sought by larger firms. To support the talent-building challenge, the role of human resources should be redefined and its capabilities strengthened. Third, not a surprise the job mobility is increasing, i.e., ten years ago; a high performer might have changed employers just one or two times in a full career. But today an average executive will work in five companies; in another decade period it might be seven.

The studies on war for talent suggest that there are a number of specific steps to be followed to complete their talent building program more effectively. It has been over a decade since the business community was first changed to the fact that a major war for talent was underway. Since then, the competition has intensified as a result of workforce demographics, globalization and differences in the expectations of the latest generation of skilled workers. It would be not correct to think that organizations have been satisfied. The business organizations have spent time and resources for developing human resource systems and methods to improve their ability to acquire and develop talent further. However, the research studies revealed a gap between the appreciation of the talent issue and an effective response to it. It is stated by McKinsey and Edward G Michael that the executive talent has been the most undermanaged corporate asset for the last two decades period. Companies that manage their physical and capital assets with rigor and sophistication have not made their human resource a priority in the same way.

One of the biggest obstacles for effective talent management is short-termism. The talent management, which is the human resource initiative, separate from the business strategy is cursed. The consequence of a short-term focus is that most talent management programs have been

inadequate and therefore have greatly failed to achieve. Guthridge et al. (2006) in their research study the business leaders and human resources executives at the global level expressed that nearly half of the interviewees expressing concern that their senior leaders don't alienate talent-management strategies with business strategies. It is also concluded that more than half of the respondents opined that senior managers did not spend much time on talent management and believed that line managers exhibit insufficient commitment to developing talent.

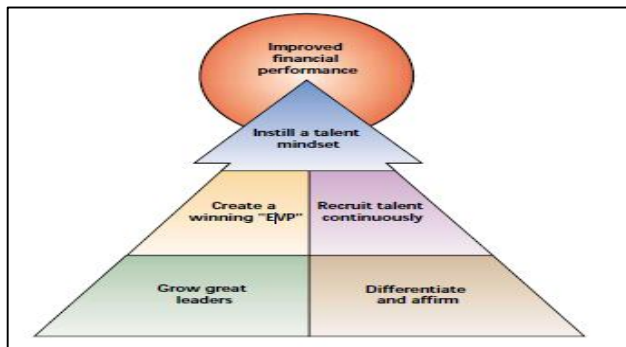
The business organizations that are getting benefit in the battle for talent have tackled both the strategic and human resource issues. Talent management is an indispensable part of the long-term business strategy and jointly driven by the senior management, executives and human resource. These organizations have aggressively changed the way that they manage people and have made great efforts to instill a 'talent mindset' within all levels of the organization.

Besides, the engagement is also emerging and leading indicator for improves the workplace performance, increase the employee productivity and subsequent turnover. David Foreman, the chief learning officer at the Human Capital Institute explained that the talent engagement is the commitment of the employees to put discretionary effort for its success. This is particularly crucial to the present generation employees, who are more concerned about career adjustable, higher rewards and better work-life balance and often the corporate social responsibility of the organization. The business organizations should explore different ways in which they can have a stake in the local community; develop open work culture; value its employees and develop a hiring process, which is able to evaluate people of the organization to ensure that they are qualified and right motivational fit for the business organization.

What Companies Should Do?

The forces of the war for talent heap up to a crucial shift in the business environment, requiring organizations to radically adjust the way they manage the people. The business houses that are leading the way execute against five talent management imperatives, viz.:

Five Elements of a Successful Talent Formula



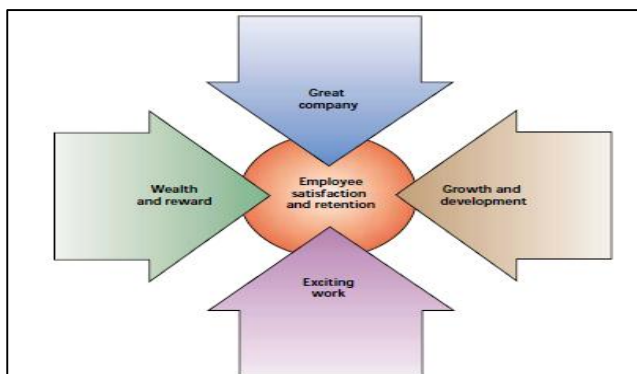
1. Inculcate a talent mindset

A talent mindset is the intensely held belief that arranging a strong management talent pool is critical to achieving the inclinations of the company. The leaders with a talent mindset compile their sleeves and make talent their job; they create, unbeaten and drive new techniques to reinforce talent. They ensure that the link between business strategy and talent requirement is forged. They hold themselves and the leaders at all levels of the organization culpable for the strength of the talent pool.

2. Devise winning Employee Value Proposition (EVP)

It brings scarce talent through the doors and keeps them ready for organizations, which carefully shapes its value proposal to customers and also deliberately craft the value proposition to its people. The human resource value proposition answers the question, “Why would a talented person want to work here?” Although the successful employee value overture is designed to appeal to the needs of specific talent segments, they share the following elements:

Employee Value Proposition Components that Drive Satisfaction



- 1. Exciting work** – people want interesting, quite simple, challenging jobs and they want to feel ardent about their work. An immense job is demanding and stretching and full of specifications that the individual finds alluring and worthwhile.
- 2. Great Company**– managers want to work for organizations that are well handled, that have laudable corporate cultures and values and great leaders. The two aspects of culture are critical: a strong intensity on achievement and an ambiance that is open and trusting.

- 3. Wealth and reward** – people want to make money that is compatible with the image they create and with their other opportunities. This is about more than the corporeal value of the money; people want to feel accepted and admired their individual augmentations.
- 4. Growth and development** – business managers want the company to help them for develop their skills. Today, this is particularly important when people realize that their only real security in the job market is the search of skills they possess.

3. Recruit great talent continuously

Organizations must always be on the slink for top talent. They need to have a keen sense of who they are looking for and searching in new ways and places. They must bring in talent at all levels of the business organization, even at senior levels. The successful organizations understand that in present economy, recruiting must be encompassed more like marketing and sales than buying; the recruit is the customer and the organization must sell its jobs in an increasingly competitive marketplace. All these organizations measure their selection and recruitment success with the same rigor that they apply to growth target or market share.

4. Grow great leaders

Most of the organizations leave a great amount of human capital potential unrealized because their workforce is inadequately developed. The talented people want the opportunity to develop and without it they will leave the business organization. The great leaders deliberately assigning the jobs, which are challenging that, advance the constraints of what they thought themselves capable of carrying. At the same time, it providing the life preservers for succeeding at timely opportunities, which shows giving people the sincere feedback they need to grow, without the sweaty awards that often characterize these infrequent exchanges. It reflects weaving mentoring into the fabric of the organization – so that it is in the institution not an addition.

5. Differentiate and affirm

The business organizations too often grant feel to treat its entire people the same. The leading companies organize clear-eyed appraisal of their talent; they differentiate in how they endow in their high performers and low performers. They shower high performers with job options that excite and adventure them and pay for the value they create. Further, they recognize that low performers are not only failing in their own jobs, but are also bringing down everyone around them. These organizations realize that impelling on under-performers, whether to a different position or out of the company is both a difficult task and commitment of leaders.

On the other hand, they do not overlook for the development of the organization, who are neither worthy nor swindler. They raise the performance and job satisfaction of these people to a high level through development and assertion, improving the odds that these workers feel crucial to the future of the business organization. On paper, these citations may sound simple, even simplistic. But in business firms that put them to practice, they mainly shift the way that people think about talent management.

Thinking about Talent Management

	The old way	The new way
Talent mindset	Having good people is one of many important performance levers	Having the right talent throughout the organization is a critical source of competitive advantage
	HR is responsible for people management including recruiting, compensation, performance reviews, and succession planning	Every manager – starting with the CEO – is responsible for attracting, developing, exciting, and retaining talented people; indeed every manager is explicitly accountable for the strength of the talent pool he/she builds

Employee Value Proposition	We expect people to pay their dues and work their way up the line before they get the top jobs and big bucks	We think of our people as volunteers and know we have to try to deliver on their dreams now if we are to keep them
	We have a strong value proposition that attracts customers	We also have a distinctive employee value proposition that attracts and retains talented people
Recruiting	Recruiting is like purchasing; it's about picking the best from a long line of candidates	Recruiting is more like marketing and selling; it's a key responsibility of all managers
	We hire at entry levels only, primarily from the same 6 or 7 schools	We hire at all levels – entry, mid, and top – and look for talent in every conceivable field

Growing leaders	Development is training	Development happens through a series of challenging job experiences and candid, helpful coaching
	Development happens when you are fortunate enough to get a really good boss	Development is crucial to performance and retention...and it can be institutionalized
Differentiation	Differentiation undermines teamwork	We shower our top performers with opportunities and recognition. We develop and nurture mid-performers. We help our lower performers raise their game or we move them out or aside

It can be blunt about what will result from these trends: Its report is titled “The War for Talent”. The exploration for the fine and the dazzling will become constant, costly battle, a fight with no final victory and not only these organizations will have to come up with more fanciful hiring practices; they will also have to work hard to keep their talented people. There are four key battles to be won, which are discussed as under:

- 1. Invisible Talent:** Often found lurking in the most remote places there are people within the organization, who assent most manifestations of their talent at home. At the workplace, these people hold lower positions of responsibility or they perform outstanding creativity. However, at work these people are offently categorized as ‘someone who does a good job and then goes home’. The question remains: ‘Is this the limit of their aspirations?’

2. **Upright Pegs:** The partaking of some of the characteristics of the hidden talent battle is a frustration for individuals and management alike. For instance, how many of our service people would be very suited to an assignment in the finance department, and how many potentially outstanding technical support personnel are toiling in the warehouses. Is there someone in our sales team, who would be a superb marketer?
3. **The Inertia Battle:** This one is as old as business itself and can be somewhat chillingly described as a 'dead men's shoes culture'. There is a success at the heart of this battle in that the organization, which is retaining its people and bring about long term loyalty. The other side of the coinage however can be extremely detrimental as talented workers are likely to be cramped as they find no place for their expectations and little prospect of development and certainly they leave the organization.
4. **Oppression:** At this state, it is not that talent been identified but that management knows exactly where it lies. In this context, some management then adopts a selfish or defensive strategy. The egoistic manager will guard their talented people ardently knowing that holding on these people makes them good. The defensive management is afraid of talented people and fears that they will be outshone by them. Therefore, strategies lead to talented individuals being arrested or even persecuted.

In this light of the above said contexts, what the organization can do? Well in order to win the 'invisible talent' and 'upright peg' battles. The talent management must be placed squarely among the organizational priorities. The managers must be encouraged to analyze and identify the talent people within their teams. For which, plans should be drawn up for the development of that talent and supported staff by effective succession planning. Further, the rewards for managers' promoting talent successfully can help to motivate this behavioral character.

Conquering the 'inertia' and 'oppression' battles is sometimes very difficult; however with some bold organizational initiatives these battles can be won. Here, the key issues are the creation of fluidity and movement within the business organization. On the other hand, many organizations ensure that no manager stays in one position longer period than three years before they move to another department or location. This creates movement in the management of the organization and can help with the 'oppression' factor too.

Further, amplifications needed in order to win the battle. For instance, assigning the job on holiday, creating 'job swaps' where staff experience working in another section for a few days or a week are easy to control. On the other hand, a longer term opportunity may be to offer endorsement of anywhere from a month to year duration for people interested in experiencing life in another department can be extremely happy. Finally, the most important step of all is to recognize that talent people within the organization is becoming waste and to do something about it creative and effective talent management solutions are think off.

Conclusion

There is no single formula for effective talent management. It is perhaps more useful to think in terms of talent functions

i.e. talent procurement; talent plight; talent development; talent positioning and talent retention, that offer openings for strategies to achieve competitive advantage. These talent functions are interrelated and companies need to ensure that their overall approach focuses all areas and achieves the specific needs of the organization. There is meager point in spending time and resources on attracting the best talent, if they are rapidly baffle by the lack of development opportunities and subsequently leave.

There are evidences from the companies leading the battle for talent show that executives and human resources at work together to harmonize their long-term business and talent strategies. They need to install ought to, and responsibility for talent throughout their organization. Furthermore, they need to probe ways in which their company can lodge each talent function to improve their ability to find and keep the best talent. It is evident that for a violent global economy an efficient and effective management of talent is very crucial for the future prosperous of business organizations.

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