



# Envisioning The Obvious!

Organizations that practice talent management proactively seem to have understood that developing people is the means to the end of long term cost saving. However, several organizations fail to see this long term picture.

- BY DR. M.VANURADHA

Talent management is usually referred to the process through which organizations optimize the skills that their employees possess to ensure that the organizational goals are reached. 'Talent' therefore is the means for the end of profitmaking which is usually the end objective of any business. In today's knowledge economy, organizations are spending anywhere between 40- 80% of their revenues on people (or talent) as salaries. Given this, the role of talent

management becomes very crucial in sustaining the competitive advantage for any business. However, the process of developing a strategy for managing talent and actually implementing it, is no mean feat.

Some of the problems in the conceptual understanding of talent management from an academic stand point, and, the practical challenges faced by managers at the ground level in implementing talent management practices have been mentioned below:

## Unravelling the concept of 'talent'

The Cambridge English Dictionary defines talent as "a special ability that allows the person who possesses it to do something well." However, an academic endeavour to summarize the definition of talent as understood in the field of Human Resources, suggests that talent has been understood in two ways- talent as an object i.e. as an inherent ability or mastery of a skill that an individual has. It is a characteristic of a

person. The second way in which it is understood is talent as a subject i.e. referring to people". Literature that uses the 'subject' definition of talent, at times refers to the entire workforce, and in some cases, it refers only to the high potential employees. This lack of consensus over the definition of talent is the first and the most fundamental challenge for talent management practices.

When different organizations focus on different sections of the employees, the practices would also differ across organizations. For example, if organizations defined talent as 'all employees', then talent management efforts will be akin to Human Resource Planning that involves gauging the human resource needs of the organization, and the strategic recruitment, development, and retention of all these resources. However, if an organization defines talent in terms of high potential employees with capabilities to take on leadership roles, then the process overlaps with succession planning- the term used for identifying and developing new leaders to replace older ones. Though these terms can be used interchangeably, or, can be considered

that fall along a continuum, ranging from the ones using proactive talent management strategies on the one end, to those using reactive talent management strategies on the other end. For e.g. General Electric is known for its dedication to developing its employees and falls on the extreme end of proactive talent management. It gets reflected in the fact that most of their top management and the business leaders in particular spend about one third of their time on people related activities on a yearly basis. The performance appraisal system too is seen as a tool for personnel development, rather than simply a tool for evaluation of past behaviour.

In contrast, there have been arguments that when leading organizations such as Microsoft did not engage in progressive methods of performance management and people development, it led to a decline in their revenues. Similar examples like this would fall on the 'reactive' end of the continuum of talent management initiatives. Two clear differentiators can be identified between proactive and reactive organizations. The first differentiator is- Who owns the talent management initiatives- the business

Challenge	Business Implication
No consensus on definition of talent	Ill-defined scope of the talent management process across organizations
Moving from Cost Orientation to People Orientation	Obsession with cost saving in the short term at the expense of people development could lead to greater cost incurred in the long term.
The 3 D Challenge- Demography, Development, Drive	Devising practices that cater to individual developmental needs, yet are aligned to the strategy of the entire organization tend to be costly.

to be subsets of each other, this confusion implies that there is no commonality in the kind of talent management practices followed across organizations. Therefore, a common platform for discussing the practice almost becomes redundant.

## Differentiating between Proactive and Reactive Organizations

Though the concept of managing talent as a strategic tool for making profits has been around since the late 1980's, we can clearly identify organizations

or the Human Resources department? In proactive organizations, talent management is like the local dialect of organizational members, and, implies that everyone from top managers to business leaders to human resource managers speak the language of talent management. The ownership of developing talent is not a mere practice imposed by the HR department, it is practiced as a central tool for organizational development. The second differentiator lies in the organization's belief about what runs the organization- its main driver. When



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organizations evaluate every action in terms of reducing cost, their driver is cost efficiency. When people are the central drivers of any organization, they would evaluate every action in terms of personnel development. Organizations that practice talent management proactively seem to have understood that developing people is the means to the end of long term cost saving. However, several organizations fail to see this long term picture.

## Implementing the Talent Management Strategy

About half a century ago, most of the working population comprised of men of working age. Many communities were not allowed to be part of the mainstream workforce because of social constraints like colour, caste (specifically in India), gender etc. Today, the demography of the workforce is vastly diverse. More women are working, gender is no longer limited to the male-female dichotomy, social structures have changed allowing for breaking down of colour and caste barriers, more and more people are opting to work even past their retirement age, mostly