

Managing Organizational Talent in the Current Environment

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Today's Agenda

- Talent and Talent Management (TM)
- Current Workforce Trends
- Best Practices in Managing Top Organizational Talent
- Q&A

SECTION TWO

TALENT AND TALENT MANAGEMENT (TM)

What is Talent?

- **Talent** refers to systematically developed innate abilities of individuals that are deployed in activities they like, find important, and in which they want to invest energy.

What is Talent?

- It enables individuals to perform excellently in one or more domains of human functioning, operationalized as:
 - performing better than other individuals of the same age or experience, or
 - performing consistently at their personal best.

What is Talent?

- For some companies, the definition of talent has been limited to the “top of the house” or leadership ranks.
- For some others, talent means leadership plus people with high potential.
- Yet, for others, talent encompasses all employees in an organization.

What is Talent?

- We will talk about talent as:
 - key people in critical job roles, and
 - employees who possess and/or are pursuing specialized and in-demand knowledge and skills.

Talent Management

- Talent management (TM) is a set of meaningful techniques aimed at attracting or identifying, motivating, developing, and retaining organization's most valuable employees and ensuring their deployment in those roles that add the greatest value in the organization.

What is Talent Management?

- The best TM strategies are *business-focused* and answer critical questions:
 - Which roles drive greatest value in our organization?
 - Are we allocating limited resources for highest impact?
 - How can we stay ahead of the competition while maintaining/reducing headcount?

Inclusive vs. Exclusive TM

- *Inclusive*: ALL employees are considered talent and subject to developmental activities (on a voluntary basis).
- *Exclusive*: refers to efforts aimed at key employees in key positions.
- Which one is better?

Inclusive vs. Exclusive TM

- There are many considerations, including cultural (egalitarianism), ethical (no one is left behind), financial, etc.
- The most commonly used is the EXCLUSIVE approach (scarcity of resources to embrace all employees).

TM vs. HRM

- There are quite a few factors that differentiate TM from HRM:
 - The larger number of stakeholders that TM includes
 - TM moves the human resource (HR) agenda beyond the HR function and into the boardroom

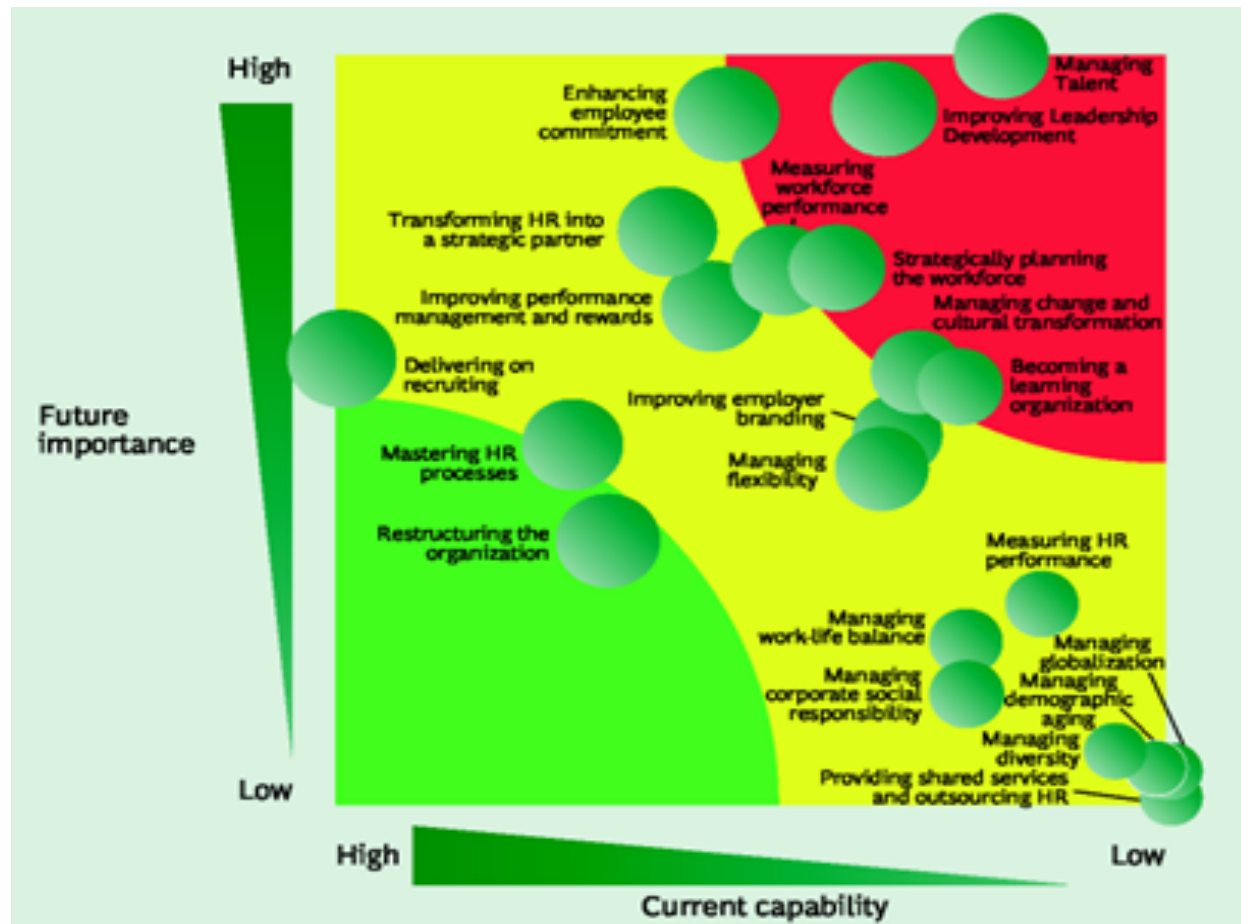
TM vs. HRM

- There are quite a few factors that differentiate TM from HRM:
 - TM generally has a narrower focus than HR and is generally targeted at employees with high levels of human capital
 - Greater differentiation of TM practices to support employees' needs.

So...

- For most companies, identifying, attracting and retaining talented, high value employees in key roles and positions has actually increased in importance in recent years.
- This is supported by the recent PWC Global CEO Survey, which reports that TM remains the number one priority for 78 per cent of companies worldwide.

BCG Survey of Top Executives



SECTION THREE

CURRENT WORKFORCE TRENDS



Workforce MACRO-trends

- Aging
- Increasing diversity
- Significant skill deficiencies
- Changing attitudes
- Other trends

Aging Workforce

- Figures for 1996-2006 indicate the OECD labor force has grown by 30 million.
- Some of the expected change involves the distribution of workers by age.
 - The fastest growing segment are the workers aged 45-64.
 - In 2015, workers aged 40 and above have exceeded the number under 40 for the first time ever.

Aging Workforce

- Organizations are struggling with ways to control costs and will have to find new ways to attract, retain, and prepare the youth labor force.

A Diverse Workforce

- The greater diversity of the labor force challenges employers to create HRM practices that ensure they fully utilize the talents, skills, and values of all employees.
- Managing cultural diversity involves many different activities.

A Diverse Workforce

- How diversity affects HRM practices:
 - Staffing perspective
 - Work design perspective
 - Training perspective
 - Compensation perspective

Skill Deficiencies of the Workforce

- Serious technological and organizational changes have shifted the kinds of skills required of employees in the global economy.
- Most organizations are looking for educational achievements, and a university degree is a basic requirement for many jobs today.
 - Latest trend: to have an MBA plus a specialized Master's degree.

Skill Deficiencies of the Workforce

- The gap between skills needed and skills offered appears real (talent mismatch).
- Over 50% of respondent employers worldwide cite finding qualified talent to staff skilled positions as the biggest concern.
- The most challenging talent to find is that with qualifications in STEM subjects.

Changing Attitudes

SOURCE: INDEED

- Out of 8,000 adults surveyed in 2015, 71% (!!!) of people currently employed are actively seeking or are open to a new job.
- 58% look for new job opportunities at least monthly
- 18% daily

Changing Attitudes

SOURCE: INDEED

- Only 19% never look for other job opportunities while employed
- 50% making between \$100-110K look for new jobs within 28 days of being hired
- The younger and more educated employees are, the more often they look for other career opportunities
- Psychological contract is totally out-of-balance

Other Workforce Trends

SOURCE: BIWORLDWIDE

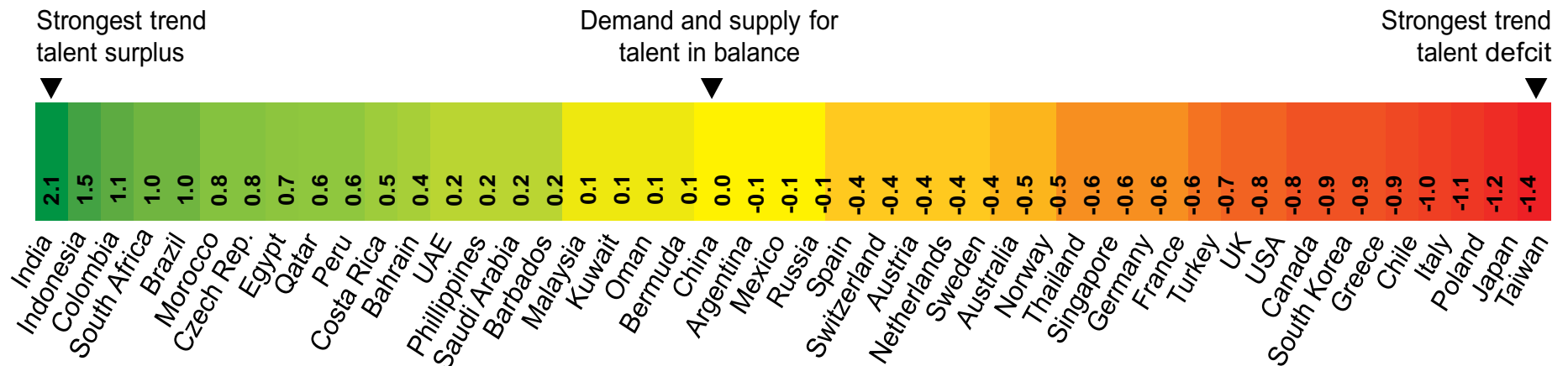
- Influence by Millennials
- Increased workforce mobility
- Talent wars (between 70 and 84% of employers are currently “hunting”)
- Focus on wellness and work/life balance
- Employees gain more power (psychological contract is not in balance anymore)
- Continuous technological disruptions

Talent Mismatch

- Talent mismatch – exacerbated by trends above – is here to stay for some time.
- Managing this talent gap and recruiting, engaging and retaining appropriate talent will be the most *critical task* of companies in the near future.
- Wherever talent shortages are expected to persist, companies will be forced to think more explicitly about the trade-offs between outsourcing work, off-shoring staff and retraining workers.

Mismatch of supply vs. demand for talent in 2021

Figure 8: The mismatch between supply and demand for talent in 2021



Source: Oxford Economics

Notes

1. The table ranks countries according to how their talent gaps are expected to evolve over the next decade.
2. Talent deficits are shown as red (negative numbers), talent surpluses as green (positive numbers), and broad balance as yellow.
3. Numbers report the average annual % change of the deficit/surplus.

Implications (Manpower)

- Acute talent shortages
- 2015 top hardest jobs to fill in NZ:
 - Skilled Trades
 - Technicians
 - Engineers
 - Sales Representatives
 - IT Personnel
 - Accounting & finance staff
 - Management / Executive (Management/Corporate)

Implications

SOURCE: <http://www.scoop.co.nz>

- 51% of New Zealand's employers report difficulties filling job vacancies.
- Talent shortage in New Zealand remains more severe than the global average of 38%.
- The survey shows 86% of New Zealand employers recognize that talent shortages are having a negative impact on business.
- However, just 67% of employers proactively tackling shortages through the implementation of talent strategies.

Implications

SOURCE: PWC

- Survey of 1,250 companies from 60 countries.
- How have talent challenges impacted your company's growth and profitability?
 - Our talent-related expenses (replacement costs) rose more than expected
 - We were unable to innovate effectively
 - We were unable to pursue a market opportunity
 - We canceled or delayed a key strategic initiative
 - We could not achieve desired growth

SECTION FOUR

BEST PRACTICES IN MANAGING TOP ORGANIZATIONAL TALENT

Core TM Activities

- TM activities usually revolve around the following:
 - Attracting talent
 - Developing talented employees
 - Managing talent flows, including facilitating the movement of talented individuals across regions or countries (skipped)
 - Ensuring retention of talented employees

Attracting Talent

- There are three fields of importance:
 - talent planning and deployment
 - HR reputation (employer branding)
 - aggressive talent sourcing.

Talent Planning and Deployment

- The role: to identify future talent needs at all levels of the organization.
- The goal: to have the right talent at the right place at the right time with the needed competencies and motivation at all levels and all locations of the firm.
- Main concern: retaining the current level of talent, and more importantly, attracting new talent.

Employer Branding

- Organizations have to focus on characteristics that make themselves more attractive to a pool of potential applicants.
- It is important to view employer brand as a marketing function and treat potential applicants as customers, identify and analyze competitors, and focus on organizational characteristics that matter most to specific types of recruits.

Employer Branding

- Even during recession organizations can focus on building human resource reputation and attractiveness as an employer of choice.
 - For example, organizations can effectively use performance management practices to identify talent, and redesign jobs or restructure work to motivate and engage employees.

Aggressive Talent Sourcing

- There is a general assumption that most talented individuals are, in general, always employed, so a challenge for organizations is how to reach this talent pool.
- The traditional sourcing strategies may not work.

Aggressive Talent Sourcing

- Thus, organizations may be forced to use creative and aggressive strategies to attract talent, including:
 - Targeting specific individual profiles (e.g., certain personality traits);
 - Recruiting and developing foreign nationals to work in their own country; and,
 - Attracting a diverse pool of applicants such as female workers and providing support to them to manage career barriers like the glass ceiling.

Note

- Although we discuss “talent retention” next, the notion of developing and growing talent can also be seen as a technique to attract talent.
- Attracting “raw talent” with potential for development is a viable approach that that can play an important role in an organization’s overall talent attraction strategy.

Retaining Talent

- Retaining talent involves all the activities that prevent talented employees from leaving the organization.
- The major workforce trends (e.g., changing attitude towards work, etc.) are allowing workers at all levels to change jobs more often.
- Therefore, retaining talent becomes a major challenge for all organizations.

Retaining Talent

- One of the key challenges many organizations grapple with is why talented employees leave, taking with them essential competencies and experiences.
- Job satisfaction and passion for the work they do play an important role.
- The reality is that talented employees **WILL** leave.

Retaining Talent (!)

- One perspective on this issue suggests that in today's fluid work environment, short-term tenure of talented employees is a norm and companies should think about extracting as much as possible from talented employees in a short period of time.

Retaining Talent (Strategies)

- Talent Engagement: employees who are more engaged with their work and organization are likely to have greater job satisfaction, have a positive opinion of their employer, are less likely to voluntarily leave, have greater customer loyalty, and have high levels of performance.
- Training: Provide work or job specific training that provides skills that are less transferable to other organization.

Retaining Talent (Strategies)

- Career Development. When employees have a good understanding of their career path and the assurance that their organization values their development, they can be more connected to their work and organization and are more likely to stay.
- Talent Management Culture. Show to employees that talent management is a priority for all employees, source talent globally, and reward managers for improving talent retention.

What Can Organizations Do?

SOURCE: BIWORLDWIDE

- Make work more meaningful and design work that is interesting and challenging.
- Help people feel important and valued. Re-establish trust through engagement and relationship building.
- Train leaders and managers to be supportive.

What Can Organizations Do?

SOURCE: BIWORLDWIDE

- Provide authentic recognition with purpose.
- Make sure one of your strategies focuses on growth and development.
- Create an environment that links performance to company values and desired behaviors. This will become the most powerful tool to attract and retain top talent.

What MUST Organizations Do?

- Fight “tribalism” – make sure that executives do not favor only like-minded people.
- Never reward compliance (makes leaders look good) – always reward creativity.
- Never ignore the importance of context – people thriving in one environment may not be as effective in another.

What can HR Managers Do?

- HR managers should take on a new role as the designer and steward of talent management efforts.
- The main tasks should shift to simplifying HR processes, helping employees manage the flood of information at work, helping in (re-)building a culture of collaboration, empowerment, and innovation.

What can HR Managers Do?

- To accomplish all that, HR managers should upgrade their skills to include the following:
 - Design thinking (organizational design changes)
 - People analytics
 - Behavioral economics
 - Organizational behavior

Top 10 Findings

SOURCE: DELOITTE GHC TRENDS 2014 SURVEY (2,532 BUSINESS LEADERS IN 94 COUNTRIES)

- Leadership, retention, HR skills, and talent acquisition are the top global trends in perceived urgency.
- Companies report generally low level of readiness to respond to these trends.
- The largest capability gaps are reported in leadership, analytics, retraining HR, talent acquisition and access, and the overwhelmed employee.

Top 10 Findings

- Leadership is the top priority in developed and growing economies.
- While global trends are similar around the world, program needs vary by region.
- HC priorities vary by industry, with one exception – Leadership.
- “Excellent” HR companies and teams focus more intensely on the urgent global HC trends.

Top 10 Findings

- Business leaders have less confidence in their organization's readiness to deal with future trends than HR leaders.
- HR and talent executives grade themselves a C- for overall performance.
- Companies worldwide plan modest increases in talent and HR investments in 2014.

NZ's Talent Scorecard (GTCI 2017)

- Still a lot of work to do.
- Scorecard (rank out of 118 countries):
 - Enable – 4
 - Attract – 8
 - Grow – 11
 - Retain – 28
 - Vocational and Technical Skills – 34
 - Global Knowledge Skills – 8

That's All, Folks!

- Questions?
- Comments?
- Suggestions?
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