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talent management systems for the 21st Century

Despite its popularity, there is as yet no common understanding of the term 'talent management.'

Nicky Dries at the University of Brussels points out that the limited academic literature on talent management reveals three distinct theoretical perspectives;

- talent management as a collection of HRM practices;
- talent management as a pipeline process,
- talent management as a general focus on talent in any organisation or function.

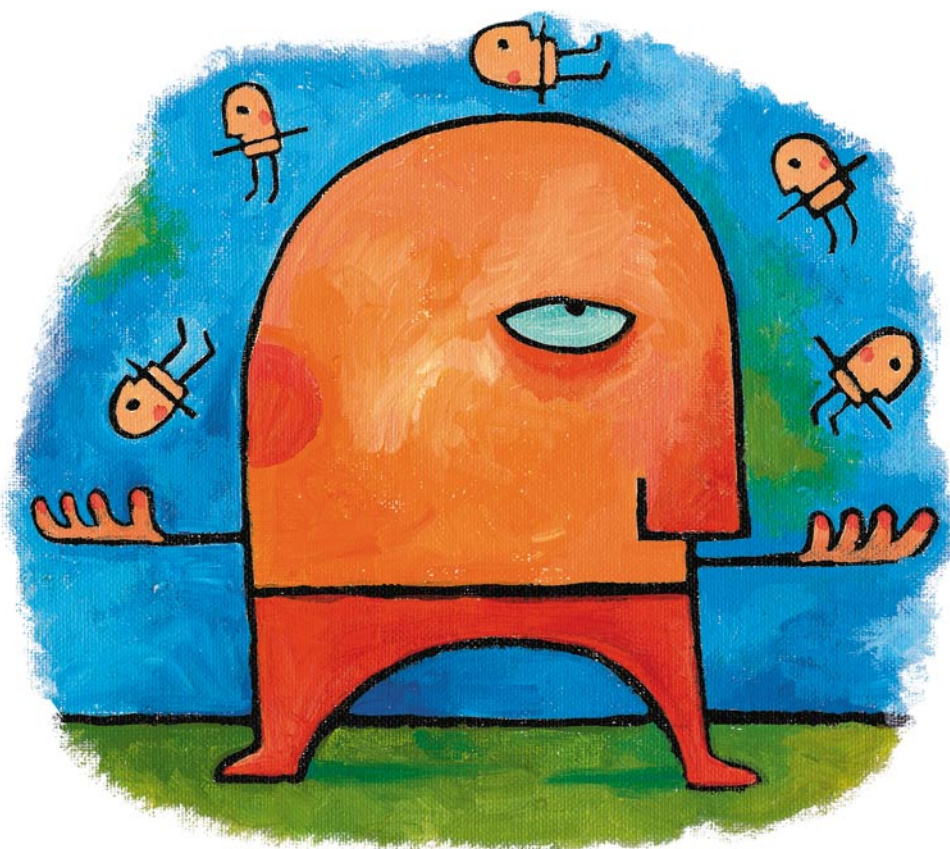
In practice she found the term to be used to describe "the attraction, selection, development and retention of so-called 'high potential' employees". She points out the apparent paradox of programmes to recruit and retain those most likely to be enticed away.

The US Society for HRM, in a 2007 research paper on staffing, suggested that the ultimate goal of talent management is "to align human capital and business strategies to support organisational and financial goals, resulting in positive impact on shareholder value."

Integrating all the above perspectives, they defined talent management as the implementation of integrated strategies or systems designed to improve processes for recruiting, developing and retaining people with the required skills and aptitude to meet current and future organisational needs.

The historical perspective

In the post WW2 era skills shortages, a stable, and relatively predictable business environment, prompted and rewarded



widespread workforce planning, training and development. The 'make' versus 'buy' strategy.

By the 1980s the combination of recession, new technology, and the wholesale entry of women to the workforce resulted in a surplus of professional managers. It was now more cost effective to reverse this strategy – to 'buy' talent rather than to develop it internally.

As Peter Capelli points out in his book *Talent on Demand*, most organisations have relied on the hiring strategy as the cornerstone of their talent management strategy. It is not a coincidence that many articles and reports on talent management

are actually about talent acquisition.

Whilst this may be a viable strategy for larger well resourced firms, by definition it cannot work for all in a talent short labour market. In future, organisations will need to use a combination of 'make' and 'buy' strategies.

Recent studies in the US, and in New Zealand, indicate that employers are unprepared for the likely intensification of the talent crisis as older workers retire and growth returns. New labour force entrants are often not work ready, but most firms do not have in place effective strategies for knowledge transfer.

It is not surprising that there is almost

universal agreement among senior executives that talent management is the key challenge for the coming decade.

Issues in talent management

Several recent studies from the Conference Board, Boston Consulting Group, and European Association for Personnel Management, have highlighted the concerns that organisations have about the inadequacies of their talent management strategies. Senior managers report a lack of readiness of existing staff to take on new challenges, or indeed in many cases to fulfill their existing role. Leadership skills are of particular concern.

Despite this concern these studies also reveal the lack of progress in developing talent at the pace required.

In their 2007 study, Development Dimensions International and the intelligence unit of the Economist magazine, suggested that organisations have the tools, programmes and initiatives required but seem unable to implement talent management strategies in a coherent way.

Why is this? In a recent conversation with our business partners in the USA we learned that many organisations there, despite having implemented talent management systems, felt that these had not made a difference. They were still unable to align individual goals with organisational priorities, as these were translated through different departments and functions. They were not getting good information on performance and capability.

Performance management is an essential part of talent management. Most organisations have systems in place, but most are highly standardised. The skepticism with which such systems are

viewed was exemplified at a recent US conference. Not a single HR practitioner raised their hand when asked if they felt their performance appraisals accurately assessed performance. Further most agree their assessment of 'potential' is highly subjective.

It is evident that most existing tools in use are not adequate to support proactive talent management. They do not capture and deliver the information required.

A model for talent management

We suggest that what is missing is a model of individual performance that provides a theoretical base for talent Management, linking and aligning all the key factors, including leadership.

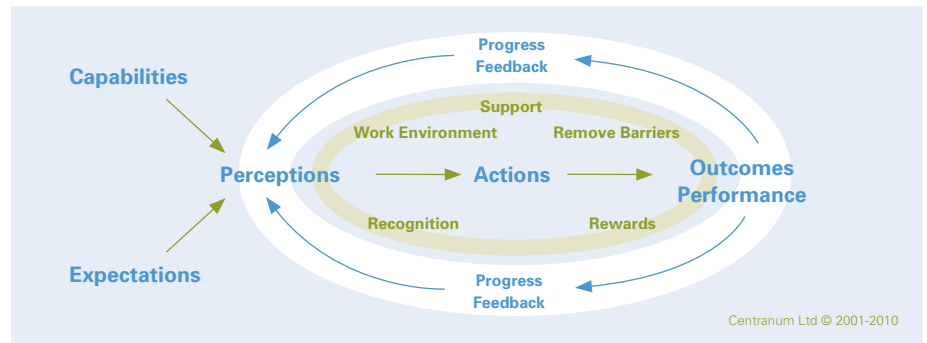
have of their people, linking them to the organisation's values and strategies. They must also be able to identify how these expectations will evolve in the future in order to inform talent development.

Expectations fall into three areas – individual job roles, specific objectives, and core competencies or values.

Capabilities: Individuals must have, or develop, the capability to meet those expectations.

Actions at work are discretionary, they take place in an environment, and are influenced by perceptions, of one's role and of the organisation itself – engagement/climate.

Work Environment: An environment that brings out individual motivation is a



This model is well validated, drawn from the disciplines of organisational psychology and systems engineering. It illustrates the inputs, processes and outcomes that occur for an individual at work. Any talent management system must support and integrate all these factors.

To explain the model, taking a systems view, the key inputs for job performance are;

Expectations: Every organisation must be able to define, frequently update, and clearly communicate the expectations they

key success factor, the product of skilled leadership. Top performance is achieved when obstacles are quickly identified and removed. There is transparency; people are treated fairly and consistently. Rewards and recognition are in line with both effort and results.

Feedback: Feedback is needed to maintain focus, to keep staff on track, to build and maintain engagement. Individuals need to know how they are doing, not once or twice a year, but on an

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ongoing basis. They need feedback on their progress against expectations, and on the development of their capabilities. For professionals the more they are able to monitor their own progress the greater their job satisfaction and engagement.

Outcomes of the work process are the results for the organisation. In order to be able to give feedback these must be measurable. It is possible to define measurable outcomes for every individual job role.

Performance: It is important not to confuse competency and performance. Performance is the achievement of measurable outcomes that benefit the organisation. Competencies are an input, a description of behaviours that should lead to success.

Talent intelligence

Successful talent management requires not only an integrated model but also an integrated set of meaningful information.

Most organisations capture some of this information. However much is subjective and lacking in depth. Much resides in forms and documents and cannot be extracted easily.

So what is needed? Not just an electronic version of paper systems, not a Human Resources Information Repository, but a smart and flexible tool set that supports the theoretical base of talent management, and in so doing captures quality data. Such a system:

- Helps operational staff create outcome

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based job descriptions with clarity, and update them as needed. Tracks individual progress against expectations, records achievements, performance issues and coaching conversations.

- Helps translate the organisations balanced scorecard through departments and teams to the individual level, monitor achievement and any issues.
- Supports Human Resource specialists in establishing a relevant Capability framework with which to capture and search on individual qualifications, certifications, training, experience, skills and knowledge, identify gaps, match individuals to job roles.
- Provides a Competency Management system for the definition, update and assessment of core and technical competencies with clear standards, information on competency gaps and trends.
- Provides a flexible platform for performance appraisal and a tool to assist managers and HR in annual compensation decisions.
- Supports the planning of training programmes and resources to address

identified competency gaps. Helps staff and managers define and track individual development plans, costs, progress and training effectiveness.

- Provides a means for defining and managing talent pools for leadership roles, specialist and technical career pathways, as well as succession planning for critical positions.

Formula for success

Organisations are complex systems. talent management is a complex undertaking.

Successful implementation requires a dedicated platform. Whilst this platform must present a simple interface for users, it must not oversimplify.

Based on a well validated model it must be capable of capturing quality in depth data. It must be able to present meaningful information on demand.

For the senior management team it must provide a complete window into all aspects of performance, capability and engagement across the organisation. It must be capable of monitoring the integrity of the talent management process itself. ■



Five Minute Quiz

The quiz is compiled by Angela Atkins who is facilitating the new HRINZ Refresh HR programme. The 2010 programme dates are now up on the HRINZ website with workshops running throughout the country. This month the quiz tests your knowledge on misconduct, fraud and medical incapacity. Good luck!

- Which type of dismissal might be most appropriate where an employee has defrauded the company of significant money?
A: They work out their notice period B: Instant dismissal
C: Notice period paid out in lieu of working
- What was the name of the medical incapacity case where the Employment Court said that there is a point where 'an employer can fairly cry halt'?
- If an employee is spending too much time sending personal emails, is this poor performance or misconduct?
- In 2008, LTSA issued Ms Bentley with a warning for taking too much sick leave, even though the sick leave was genuine. Why did the ERA say the warning was unjustified?
- How much was LTSA fined?
A: \$1,000 B: \$3,000 C: \$8,000 D: \$16,000
- Can you use security camera footage in a misconduct case if the employee hasn't been advised that they are being taped?
- What section in the Employment Relations Act can an employee raise a personal grievance under?
A: s62 B: s65 C: s114 D: s115
- If an employee suffers an accident at work, can you still dismiss for medical incapacity?
- What is the minimum legal period of time you can suspend an employee for?
- If you dismiss for medical incapacity, it must still meet the test of justification in the Employment Relations Act. Which section is this? A: 103A B: 105C C: 104B D: 103E

1 In this case B but for lesser misconduct C would normally apply. 2 Hoskin v Coastal Fish Supplies Ltd back in 1985! 3 If you have a clear IT policy saying that personal emails should be kept to a minimum then it's misconduct. Otherwise poor performance if it is affecting job outcomes. 4 As the sick leave was accepted by LTSA as genuine, it was not a disciplinary issue. 5 B.6 In some cases yes - if it's for a specific purpose (e.g. you have evidence money is being removed from the premises) and the camera won't impose on personal boundaries (e.g. in the toilets). 7 C. 8 Yes, as long as the employee has had time to recover and you have assessed all elements of the situation fairly and reasonably (if you're unsure of these we cover them in detail the Medical incapacity workshop). 9 There isn't one! (yes this was a trick question). 10 A.