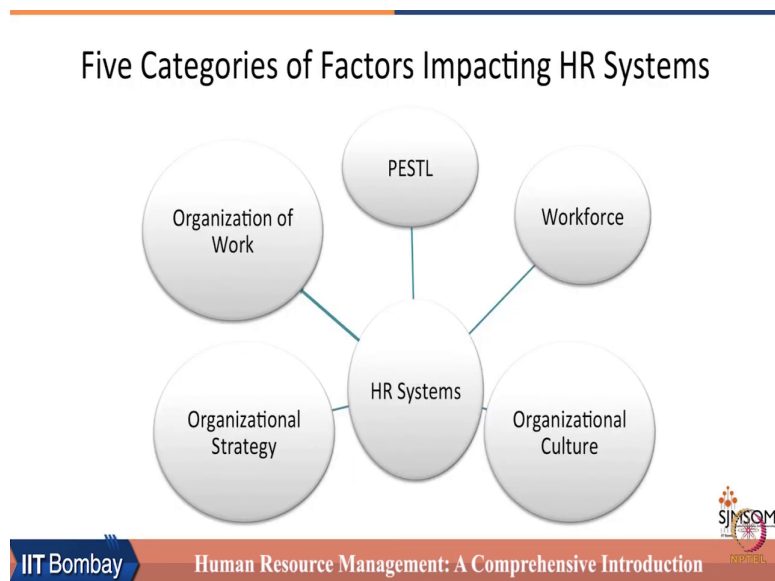


**Advances in Strategic Human Resource Management**  
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**Strategic Perspective of Talent Management**  
**Lecture - 03 A**  
**Talent Management: An Introduction**

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[FL]. We are going to look at a process called Talent Management. This is perhaps the most important process of Human Resource Management Function.

We need to understand that so many factors affect HR System. In the first session, we looked at HR system as a term for a comprehensive system which includes recruitment, selection,

performance management, training and development, compensation management, industry relation related processes. The factors like nature of workforce.

In the last session, we talked about different generations working at in any organization, they have, that has impact on the nature and the way that kind of human resource can be managed. So, the nature of workforce, it is a demographic characters, it is education, technological process, the culture within which that organization is located. All these factors affect the nature of workforce.

Organizations also have their own culture. Here organization culture means shared values and beliefs in any collectivity. Here the organization is a is a collective system and the culture is reflected by the shared values, beliefs, norms, traditions, rituals. It is also reflected by who are considered heroes in any organization. And that has also have immense impact on the nature and the kind of organization processes are evolved and they are implemented.

In the first session, we also discussed about organization strategy. Strategy is a pathway to achieve long term objectives and that has impact on the HR system and we had a detailed discussion in the first session. Organization of work or what we call organization design, that also has impact on the HR system.

Organizations can be of different design and organization design can be of different kind like functional organization, divisional organization, team based organizations, virtual organizations, network based organizations, so on and so forth. And that arrangement of work or organization of work which is reflected in the organization design also immensely very strongly affect that HR system.

Then, we also need to recognize that political, economic, social, technical and legal aspects of the environment in which organization is functioning also going to impact the nature of HR system. So, we need to understand that HR system is not independent system of its own and it is affected by so many factors which are internal to organization as well as external to organization.

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## Why Talent Management?

Performance = f ( Ability  
\*Motivation \*Opportunity  
to perform)



When we say talent management, we need to recognize and probably this is the basic tenet of talent management is that performance in an organization is not only dependent on the ability of the people or organizational members working over there. Performance is factor of ability, motivation and opportunity to perform. All 3 factors affect performance of people in organization.

We may have very talented people, but if they are not motivated to perform, if they are not inspired to perform, if they do not find their work meaningful. That will not result in the best type of performance. Many time it happens organizations are able to get sufficiently talented and intelligent or competent human resources, but they are not able to give the sufficient opportunity.

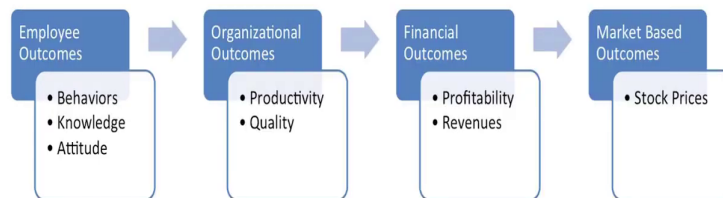
And that opportunity loss can be in the can be because of the poor organization design and not using appropriate technology, uninspiring leadership and many other factors even very talented and competent people may not get opportunity to perform and show their talent. So, the performance of the individuals in organization is factor of ability, motivation and opportunity to perform.

Talent management can also be looked at as talent value chain. Many of you must be familiar to the economic value chain. Similarly, we can draw a talent value chain. Talent value chain starts with the employees outcomes like behavior knowledge and attitude. We must remember this framework, behavior knowledge and attitude, these 3 are the constituents of competency.

Competency leads to organizational outcome in the form of productivity and quality of the outcome. If organization productivity and qualities of the output is there, naturally that will result into the positive financial outcomes like profitability or enhance revenues.

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## Talent Value Chain



And financial outcomes relate to or reflected in the market based outcome. Stock price is one of the market based outcome, but there can be multiple market based outcome like brand equity, brand recall etcetera.

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## Talent as Capital

- Talent to be deployed as successfully as capital is deployed.

So, like capital is very important for an organization, talent should also be considered as capital and that has to be deployed successfully and effectively in an organization.

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- Companies that reallocated financial capital aggressively from one division to another, based on market opportunity and performance, were worth 40 percent more after fifteen years than companies that had been relatively passive.

McKinsey study by Hall, Lovallo and Muster



For example, we have one study conducted by McKinsey which says that companies that keep reallocating the financial capital aggressively, it means probably in an agile manner from one division to another, based on the market opportunity and performance. They were found to have worth 40 percent more in 15 years time, in comparison to the companies which were not agile enough, which were not aggressive enough to relocate the financial capital.

In the same way, talent also should be considered as capital and need to be allocated at the different places at different point of time, according to the market opportunity and performance.

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## Talent Management: A Quick Checklist

- What are the key roles in your company?
- Do you have the right people in your company's key roles?
- Do your best people know what they are expected to do?
- Who are the future leader?
- Do HR function knows or have a say in identifying future leader?
- What companies are hiring our best employees?
- Are there positive or negative outlier region/companies under VFS fold and how much that performance is attributable to the human recourses?



As a practicing manager, organizations have to ask certain questions. Answers to these questions can tell about the robustness of the talent management process. The first question is what are the key roles in our organization? Are they aware of the key roles in the organization? Not all roles in organization create similar value or they differ according to the criticality in terms of their impact on the value creation as well as in terms of availability of the talent for that particular role in the market.

Second question is, do you have the right people in the company's key roles? Third question is, do your best people know what they are expected to do? That is related to knowledge and also related to skill.

Whom do we consider future leaders in organization and are we aware of the future leaders in organization? Does HR function know or do HR function knows or have a say in identifying



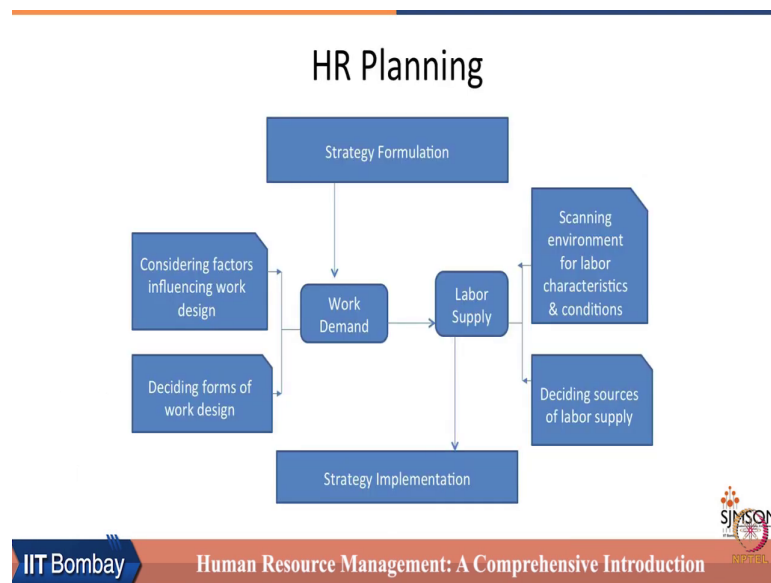
the future leader? We need to understand that HR has to have a important role in identifying the future leaders.

What companies are hiring our best employees? Which are the industries or which are the organizations people join after leaving our company? That tells with whom we are compared in the market. We also need to understand the talent management process from the HR planning perspective.

HR planning or human resource planning is very important function of the HR department and that has to be informed by the strategic orientation or a strategic pathway of the organization because strategy result into work demand and work demand has can be made by considering the factors influencing work design and looking at the different forms of work design.

The understanding of the work demand which arise from the strategy formulation leads to labor supply, and that supply is affected by environment and the decision of the HR about whom to hire and how to hire. And labor supply result into HR; result into strategy implementation.

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So, you can see that strategy formulation is the one end, and strategy implementation is another end, in between comes HR planning. And HR planning has a direct role on strategy implementation.

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## How do we go about it?

- Forge a 'G3'
- Deploy both a roster of the top talent and deep understanding of the people on it
- Talent technology; software applications that elevate your ability to identify, recruit and support talent



How do we go about it? How an organization can carry out a smart talent management process? We can call it a collaboration of G3. Who are these G3 in this case? These are CEO, CHRO and CFO.

HR planning or talent management process has to be informed and has to be taken care of ultimately by this G3. They deploy both a roster of the top talent and deep understanding of the people on it. Here technology also plays and can play a very important role. There are so many software applications that can elevate our ability to identify recruit or support talent.

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## Forging 'G3'

A Caselet:

- The CEO of Marsh, the giant insurance broker and risk manager invites CHRO and CFO to review the business



We can understand with this small caselet. There is a organization called Marsh. It is a giant ensure insurance broker and risk management. CEO invites CHRO and CFO to review the business.

Now, review of the business was done on the parameter of business performance and organizational concerns. What is the meaning of this graph? That means, they looked at different organizational concerns that can be related to marketing process, HR process, operational process, IT related processes and within those processes what are the organizational concern.

And then, they also looked at what will the impact of addressing this that concern of those concerns will be on business performance. So, in this process, they can identify the HR

organization concerns which can have highest positive or negative impact on business performance.

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Caselet continues.....

- Outcome
- Adjustment in new sales incentive plan that CHRO was about to introduce, so that it would better align with Marsh's overall business goals and would encourage the team to deliver near term results and focus on the future.
- Learning: When you understand which things on the organizational side really advancing business performance the prioritization becomes easier.

So, the result of this analysis are new incentive, the new sales incentive plan that was affected. And adjustment in the new sales incentive plan happened which CHRO was about to do, so that it would better align with the organization's overall business goals and would encourage to the team to deliver near term results and focus on the future.

So, learning from this small caselet is, that when you understand this thing on organizational side really advancing business performance, they have to be prioritized and actually when we know with this knowledge prioritization becomes very easy.

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- G3, through formal and informal interactions, ensure that talent and finance will be appropriately linked in all mission-critical decisions and operations.
  - Another example: Tata Communications (Tatacom)

G3, through formal and informal interaction ensure that talent and finance will be appropriately linked to all mission-critical decisions.