

Talent Management - Present and Future

Dana Fatol

Politehnica University of Timisoara, Romania
dana.fatol@gmail.com

Diana Robescu

Politehnica University of Timisoara, Romania
diana.robescu@student.upt.ro

Zoltan Farkas

Technical College “Batthyány Ignác” Gheorgheni, Romania
zoli_farkas@yahoo.com

Anca Draghici

Politehnica University of Timisoara, Romania
anca.draghici@upt.ro

Abstract

Talent Management is one of the most debated concepts from the Human Resources area, having an increasing role in the last decade. The present paper is summarizing its status within the current context, considering the global risks and current skills gap, and the Fourth Industrial Revolution impact. Also, we will have a look at the future perspective of Talent Management from four points of view: the talent framework, the talent tracking, the talent acquisition and mobility and the talent development. The research done will highlight the importance of a strong Talent Management system implementation as a must for business continuity and evolution of the companies in the actual rapidly changing environment.

Keywords: Talent management, talent development, global talent strategy, strategic human resources, employee lifecycle

INTRODUCTION

Having the best people in most suitable roles according to their expertise is the aim of the Human Resource (HR) department of any company. The dynamic markets around the world and globalization trends are forcing the organizations to rethink the effectiveness and efficiency of their businesses and recognize the true value of human capital with the right skills. A scarcity of talent is becoming more and more a global issue. The competition between the companies in recruiting the high-performing employees is bigger than ever. The role of Talent Management (TM) was increasing over the last decade,

bringing forward the importance of cultivating the potential of the employees. Taking into consideration the above discussions and for the future purpose of creating an efficient and effective approach for TM in organizations, a literature review on the TM concept has been developed and presented in the context of this article. The review consists of two main parts: (1) the inventory of the current knowledge on TM; and (2) an inventory on the perspectives of TM. The paper ends with a section dedicated to the conclusions and the presentation of some assumptions on the impact of COVID-19 pandemic on TM.

LITERATURE REVIEW ON TM CONCEPT

The concept of Talent Management

The general interest for TM grows since it was mentioned in the “War for Talent” book released in 1997 by McKinsey consultants. Research results on TM have been published since 2010 and started to be covered by articles of the Journal of World Business. Furthermore, perspectives on TM were published most in the European Journal of International Management, and in the the Asia Pacific Journal of Human Resources. A critical view on the history of TM reveals six enabling concepts that define this rather new academic discipline (Table 1).

Table 1: Six enabling concepts of TM

No	Concept	Characteristics	Negative aspects	Positive aspects
1	Lifecycle of an employee within an organization	Organizations define processes to recruit, develop and retain employees	Complex group of processes and procedures created at organization level	Perception of a safe workplace for the employees
2	Competency movement	Focused on the employees' skills, abilities and motivations	Managed against a single set of behavioural indicators	Early attempt to enable individual abilities
3	Portfolio thinking about human resources	Identification of high-potential employees according to two-dimensional matrix: performance vs potential	Too simple categorization as high-high, high-low, low-high and low-low	One of the first attempts of talent identification in a structured way
4	Human resources planning	Focus on forecasting, planning and managing staffing, according to the business needs	Complexity of information flows and processes	Measure the effectiveness of an employee in a broader system of competencies. In practice, this is the base of TM
5	“Informed” workplaces changing the power of talent	Talent value is impacted by the technological innovations and new ways of information sharing, creating new meanings and	Only a small number of people can be part of this group that could have an impact on organization	The talent becomes a strategic asset and becomes subject of an upgrading process

		understanding about the strategy and performance		
6	Intellectual shift from pay-for-the-job to pay-for-the-person thinking	Approach change from employees fitted to the jobs by HR to designing systems around highly skills people	Not all employees have these high level of self-efficacy	Employees can design their own roles, as jobs became flexible, uncertain and unpredictable

Adapted from Sparrow (2019).

TM concept is subject to various interpretations and debates. There was no universally accepted definition found. One of the most comprehensive definitions, containing all the main talent related aspects, and valid also today, was published in the year 2009: “We define strategic talent management as activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation” (Collings et al., 2009).

The concept of TM and the benefits of the implementation of such system is best understood when looking from the global perspective of human resources challenges.

The current context of HR

The global risks and current gaps

The 2020 World Economic Forum (WEF) report presents the top 5 global risks in terms of likelihood to happen. For the first time in the report’s history of 15 yearly reports, the respondents to the WEF Global Risks Perception Survey (completed by approximately 800 members of the Forum’s communities) are ranking climate change and related environmental issues as the top five risks in terms of likelihood. The information is synthesized in Table 2.

Table 2: Top 5 global risks

Risk Rank	2015	2016	2017	2018	2019	2020
1	Interstate conflict	Involuntary migration	Extreme weather	Extreme weather	Extreme weather	Extreme weather
2	Extreme weather	Extreme weather	Involuntary migration	Natural disasters	Climate action failure	Climate action failure
3	Failure of national governance	Climate action failure	Natural disasters	Cyberattacks	Natural disasters	Natural disasters

4	State collapse or crisis	Interstate conflict	Terrorist attacks	Data fraud or theft	Data fraud or theft	Biodiversity loss
5	Unemployment	Natural catastrophes	Data fraud or theft	Climate action failure	Cyberattacks	Human-made environmental disasters

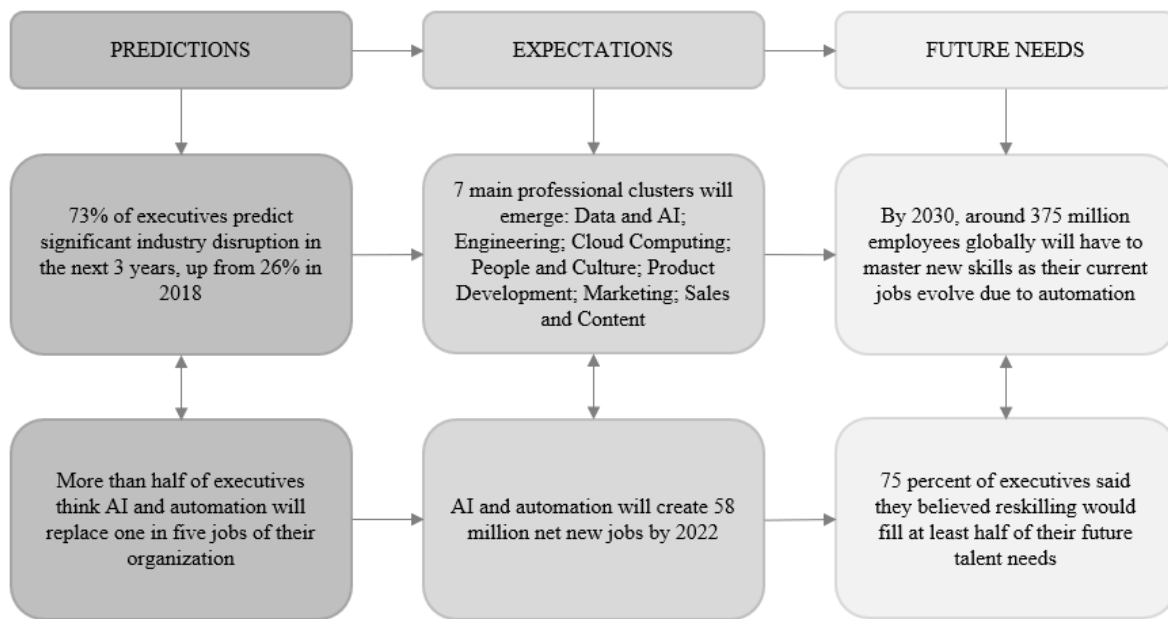
Adapted from World Economic Forum's Global Risks Report (2020).

The increase of global warming and environmental changes are foreseen to negatively affect the global productivity and produce the loss of approximately 80 million full-time jobs by the year 2030, according to the latest report “Working on a warmer planet. The impact of heat stress on labour productivity and decent work”, published by the International Labour Organization. The global economy is facing a deceleration due to the climate, cyberattacks and political and economic conditions. The regions most impacted will be southern Asia and western Africa, where will be lost approximately 43 million and 9 million jobs, respectively (ILO, 2019). The workforce will need to relocate to the areas where employment is growing, and they can secure their income. Adaptation is a must, and first thing they need to consider is the skills development. The organizations in the new regions might not have the need for the same type of competencies. According to Gartner (2020), the biggest challenges of the organizations will be the lack of skills to drive future performance, as well as the development of critical talent segment and lack of learning culture to support the effective new skills development. For most companies, finding the right approach to engage and retain the high-performance employees through excellent work experiences represents another difficulty that needs to be overcome.

The impact of the Fourth Industrial Revolution

The WEF, Mercer and McKinsey & Company provide a broad overview on how the Fourth Industrial Revolution (4IR) is impacting the human resources and implicitly the talent. As the 4IR brings people closer to technology, facilitating a new environment where the physical, digital and biological areas combine, the future job market will be able to allow people to discover their full potential (WEF, 2020). The markets are changing dynamically, and as result, the job roles already started to transform. HR has a critical role in supporting the business and leaders to adapt to the rapidly changing environment, to drive the culture of innovation and continuous learning, and to adopt new working models. The workforce of the future will need to be open to new technologies, flexible in embracing new mindsets and eventually accept automation and digitalization as a must. “The organization is becoming a hub of networked teams and talent that coalesces and evolves” (WEF, 2020). Reskilling and upskilling strategies are very important for the companies when developing their talent. The rise of the gig economy and globalization has removed the organizational and geographical barriers (WEF, 2020). We currently witness a shift from traditional long term relatively safe jobs to more projects-based jobs in an ambiguous environment that forces the people to rethink their knowledge and skills.

Picture 1: The impact of 4IR



Adapted from WEF (2020), Mercer (2019), McKinsey & Company (2018)

The human capital risks a lack of right skills and competencies for the new challenges ahead and low engagements due to insecurity of the jobs. HR will need to rethink the employee lifecycle and align the new people strategy in the organization's priorities. There are two main areas that HR can tackle (Mercer, 2019): (1) introducing new technology such as direct access tools, AI, chatbots, becoming more focused on employee experience and embracing agile ways of working; (2) addressing critical concerns as evolution for value creation, encourage adoption of new technologies and automate processes, monitor talent cycles, and assess the maturity of the current HR approach. What the studies are showing is that the 4IR will create new jobs. The negative side of this will be translated through a skills crisis that will impact both employers and employees, unless they recognize in due time that they must adapt to change and start being proactive for identifying the talent and same time start the reskilling.

THE PERSPECTIVE OF TM

The talent framework

Simplifying the talent concept, three main steps are necessary for each global TM strategy (Collings et al., 2019): (1) The first one is to identify the critical positions of an organization and continue to keep those up to date, as they might change within the dynamic business models nowadays; (2) The second one is the development of a talent pool of high-performing employees to serve the purpose of the company; (3) The third one is the creation and development of a new HR architecture that will support the allocation of the best available people in the right roles to sustain the competitive advantage of the organization. Also, it will prepare them and the company for the unpredictable business conditions.

The results of a recent McKinsey & Company Global Survey (2018) confirm the positive effects of TM on business outcomes. According to respondents, organizations with effective TM program have a better chance than other companies of outperforming competitors. There is no "one-size-fits-all approach to

the effective management of human capital”, but according to the survey results, have been identified three common practices with great impact on the companies’ performance:

- Rapid allocation of talent based on the needed skills.
- HR’s involvement in ensuring a positive employee experience across the professional lifecycle.
- Create a strategic HR team which understands the business priorities and act accordingly.

The talent tracking

New tools for TM emerged from the need of employers to track complete information about the talents on their professional lifecycle, from hiring to growth, development and succession. Same time, they improve the user’s experience by keeping the talent engaged and more productive at work, support the coaching and performance improvement, provide career opportunities and facilitate talent reviews. The tools of the future will offer complete solutions to the current needs of both employers and employees. Three important features that will best support the future HR architecture of any organization were identified as (Oracle, 2020):

- The performance management functionality where formal and informal feedback is captured and enables both manager and employee to track the progress of their goals.
- The career development functionality where skill gaps are being identified and a personal development plan with personalized training can be created, as well as employees can identify career opportunities for them.
- The talent review functionality where potential risk and impact of loss can be identified, as well as calibration and management of talent pools and succession plans.

The talent acquisition and mobility

The changes in this area are surprisingly big within a very short period. Only a few years ago, employers received many applications that had to be sorted out for filling in a position. Today, candidates are in charge and employers are struggling to attract qualified applicants worldwide. Employer branding and user’s experience when searching for a job are the main factors for attracting talent and will become key areas of focus for HR. 90% of recruiters now believe that candidates are in charge of the hiring process and the geographical barriers tend to be less significant when choosing the right job (Oracle 2020).

Globalization brings an aggressive competition for top talent and the companies will need to be prepared to encounter difficulties in sourcing people with the needed capabilities. As a result, the mobility should be perceived as “as a natural, normal progression instead of as a major change in one’s career” (Deloitte, 2019). The adoption of technologies can facilitate the mobility process and the moves of the employees between roles and projects across geographies. We witness record-low unemployment rates and skills shortages in many areas, therefore hiring become tougher, bringing in the spotlight the employer branding, recruitment marketing campaigns, and Artificial Intelligence (AI)-driven tools to boost the sourcing Deloitte (2019).

In this talent-constrained environment, the study identified three main sources of capabilities following their survey. First and main source for talent should be the internal one. Organizations should think strategically and facilitate the movement of their employees into available opportunities inside the company. Reskilling an internal hire can be done with less cost than hiring an external candidate. Almost

half of the respondents said that their employees lack information on available roles inside their organization and more than half said that it was easier for people to find a new job at an outside the company. The second source of talent is the alternative workforce, the people who work in gig arrangements as contractors or in other non-traditional arrangements. It is a good opportunity for the companies to find flexible alternatives for getting the right talent onboard and protecting themselves from difficulties related to the restructuring activities due to changing business environment. The third source to find more qualified talent is to leverage new technology. It was shown that in this area, recruitment is much behind. Only 6% believed they had best-in-class processes and technology and 81% percent of respondents believed their organizations' recruitment processes were standard or below standard. Mature organizations use AI-driven chatbots for a more efficient approach to the application process.

The talent development

In the continuous changing work environment, people will oversee their own professional paths more than ever. All individuals will need to adopt a more entrepreneurial approach in order to succeed in the job markets. Introducing more and more the automation, machines will perform a variety of tasks, and individuals will need to focus on developing the skills that humans excel at: social and emotional skills, teamwork and collaboration, creativity, and higher levels of communication and logical reasoning. Some companies have begun to establish partnerships with universities and other educational institutions to provide training and skill development for their employees. This will create large-scale retraining and support the creation of a reliable pipeline of talent (McKinsey & Company, 2017). The Human Resources departments will need to consider and promote new ways of working, to create personalized programs for identifying the potential of employees and engaging them in a continuous learning process. This approach should be part of the future culture of the organizations.

CONCLUSION

The current global human resources context is full of challenges and the studies have shown that one of the best solutions to overcome these and assure the companies are keeping their competitive advantage is the implementation and maintenance of a strong TM system. TM should be strategically perceived as provider of a large framework that integrates HR activities, including recruitment, employee development and performance management. HR function can leverage the TM system for becoming the future architect of employees' experience throughout their professional lifecycle. Considering the rapidly changing business environment, climate and political changes, automation and digitalization, the demand for new skills is inevitable. The organizations of the future will need to redefine the meaning of the workplace, the working models and the types of competencies required, keeping in mind that the talents will be the ones driving the new human resources approach. This preliminary study has created a consistent overview of the TM scientific and practical field, being created the conditions for future research on two main topics: (a) global TM and (b) reshaping the human resources management through TM and aspiration management.

The biggest challenge of human resources practitioners will be to support the business continuity and success within the *post-Covid-19 pandemic working environment*. The global health crisis will be followed by a labour market and economic crisis that could increase global unemployment between 5.3 million and 24.7 million jobs from a base level of 188 million in 2019. (ILO, 2020). Now, more than ever, the phenomenon of Breakthrough Innovation (BI), defined as “a product, process, or service with

either new-to-the world performance features or familiar features that offer order-of-magnitude improvements in performance or cost that transform existing markets or create new ones”, will be encouraged, so the long-term survival of the companies to be ensured. The HR will deal with complex information and embrace a continuous learning mindset and develop new in-demand skills, in a context of uncertainty, ambiguity where risk of failure is high. The survey conducted two years ago on 79 U.S.-based multinational companies showed that for BI to occur, an organization will need to provide motivation, set opportunity and ensure the development of employees’ abilities, as well as support the managerial ambidexterity development (“the degree to which innovation and ongoing operations are managed simultaneously within a company”). The companies with risk-tolerant cultures support better the BI by attracting the self-motivated and high-skilled human resources within their projects (Choi et al., 2018). With less office hours and fewer face to face meetings, and with increased use of technology and remote working, organizations are forced to reshape their strategies for attracting and developing talent that will sustain BI. The crisis response will become one of the HR priorities by matching the right talent and jobs to solve the challenges, accelerate automation to reduce the risk of exposure to possible health issues and develop cross-businesses talent exchange in order to maintain the business continuity. (Harvard Business Review, 2020).

ACKNOWLEDGEMENT

The article is related to the activities of the “Teaching and Educating for Sustainability” (2018-1-RO01-KA204-049253) project, founded with support of the European Commission. The article and the communication reflect the views only of the authors, and the Commission cannot be held responsible for any use, which may be made of the information contained therein.

REFERENCES

- Choi, B., Ravichandran, T., & O'Connor, G. C. (2018). Organizational conservatism, strategic human resource management, and breakthrough innovation. *IEEE Transactions on Engineering Management*, 66(4), 529-541.
- Collings, D. G., & Mellahi, K. (2009). *Strategic talent management: A review and research agenda*. *Human resource management review*, 19(4), 304-313.
- Collings, D. G., Mellahi, K., & Cascio, W. F. (2019). Global talent management and performance in multinational enterprises: A multilevel perspective. *Journal of management*, 45(2), 540-566.
- Deloitte (2019). *Human Capital Trends 2019*. Retrieved from <https://www2.deloitte.com/be/en/pages/human-capital/articles/2019-human-capital-trends.html>
- Gartner (2020). *Top 5 priorities for HR Leaders in 2020*. Retrieved from <https://www.gartner.com/en/confirmation/human-resources/trends/thank-you-top-5-priorities-for-hr-leaders-in-2020>
- Harvard Business Review (2020). *How the Coronavirus Crisis Is Redefining Jobs*. Retrieved from <https://hbr.org/2020/04/how-the-coronavirus-crisis-is-redefining-jobs>
- International Labour Organization (2019). *Working on a warmer planet. The impact of heat stress on labour productivity and decent work*. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_711919.pdf
- International Labour Organization (2020). *Almost 25 million jobs could be lost worldwide as a result of COVID-19, says ILO*. Retrieved from https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_738742/lang--en/index.htm
- Mercer (2019). *Global Talent Trends 2019*. Retrieved from <https://www.mercer.com/content/dam/mercer/attachments/private/gl-2019-global-talent-trends-study.pdf>

- McKinsey & Company (2017). *Jobs lost jobs gained: workforce transitions in a time of automation*. Retrieved from https://www.mckinsey.com/~media/mckinsey/featured%20insights/future%20of%20organizations/what%20the%20future%20of%20work%20will%20mean%20for%20jobs%20skills%20and%20wages/mgi%20jobs%20lost-jobs%20gained_report_december%202017.ashx
- McKinsey & Company (2018). *Right-skilling for your future workforce*. Retrieved from <https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/right-skilling-for-your-future-workforce>
- McKinsey & Company (2018). *Winning with your talent-management strategy*. Retrieved from <https://www.mckinsey.com/business-functions/organization/our-insights/winning-with-your-talent-management-strategy>
- Oracle (2020). *Make Talent Your Differentiator*. Retrieved from <https://www.oracle.com/applications/human-capital-management/talent-management/>
- Oracle (2020). *Win the Talent War with a Better Candidate Experience*. Retrieved from <https://www.oracle.com/a/ocom/docs/applications/hcm/oracle-talent-management-win-the-talent-war-wp.pdf>
- Sparrow, P. (2019). A historical analysis of critiques in the talent management debate. *BRQ Business Research Quarterly*, 22(3), 160-170.
- World Economic Forum (2020). *HR4.0: Shaping People Strategies in the Fourth Industrial Revolution*. Retrieved from http://www3.weforum.org/docs/WEF_NES_Whitepaper_HR4.0.pdf
- World Economic Forum (2020). *Jobs of Tomorrow. Mapping Opportunity in the New Economy*. Retrieved from http://www3.weforum.org/docs/WEF_Jobs_of_Tomorrow_2020.pdf
- World Economic Forum (2020). *The Global Risks Report 2020*. Retrieved from http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf