SABPP ™
SA BOARD FOR
PEOPLE PRACTICES
Setting HR standards

FACT SHEET

TALENT MANAGEMENT:
PAST, PRESENT AND FUTURE

1. INTRODUCTION

"Being excellent at talent management will enable an organisation to capitalise expeditiously on future opportunities and changes." *Theo Veldsman, University of Johannesburg.*

Talent Management as a people management concept has grown over the last decade, covering the full spectrum from the point of entry of employees to the organisation to their point of exit.

"Talent management" as a term does not carry a universally accepted definition. A google search on the term throws up 2,5m results. In order to bring some focus to the discussion on talent management, the SABPP has, in its HR Management Standards, adopted the following definition:

> Talent Management is the proactive design and implementation of an integrated talent-driven organisational strategy directed to attracting, deploying, developing, retaining and optimising the appropriate talent requirements as identified in the workforce plan to ensure a sustainable organisation.

This definition clearly positions Talent Management as a strategic activity, which gives a framework to guide and integrate many of the activities across the HR value chain such as recruitment, learning and development, performance management and reward.

Many companies have been noted for their "game changing" talent strategy. "GE's human resource (HR) policies and practices underwent significant development and change in the last half of the 20th century. Four successive CEO's made the development of management talent a high priority, and in doing so, made GE's HR management processes among the most sophisticated in the world."[1]. GE, Microsoft, and Google have become international benchmarks for a strong and fit-for-purpose talent management strategy. Could this be the reason behind their success? Do they possess the right talent for their strategy? Have they attracted, developed, retained the right people for the right purpose? And most importantly, has their talent set them apart as a leader in their industry, giving them the competitive edge?

Because Talent Management is a strategic process, HR must scan the environment and adapt the strategy accordingly. Currently, South African (SA) organisations are experiencing economic instability and the drive for talent could be waning due to the cost cutting measures organisations are adopting. But at the same time, the drive for sustainability is high, so how do organisations balance future needs and current cost constraints - can they afford the best talent for their organisations in the short term? What are the challenges that are experienced within the labour market currently and how can they affect Talent Management strategies and processes? What does the future hold for Talent Management and how do HR practitioners prepare for it?

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1   McLean, C.B. (2006) GE's Talent Machine: The Making of a CEO. Harvard Business School, 1. HBS Case no 399-150 (Boston: Harvard Business School Publishing), 1999

2. TALENT MANAGEMENT: THE PAST – CASE STUDY MICROSOFT[2]

"We're in the intellectual property business. It's the effectiveness of our developers that determine our success. Take our 20 best people away, and I will tell you that Microsoft will become an unimportant company." Bill Gates, CEO Microsoft (1992)

Microsoft in the 1980's understood that talent was their main driver to achieve their world leader status. Their initial focus was to develop human resource philosophies, practices and policies. By the 1990's as they grew, there were changes in these philosophies, practices and policies. As Fortune Magazine once observed, "Microsoft has been led by a man widely recognised as a genius in his own right, who has had the foresight to recognise the genius in others." The vision of their leadership clearly included the type of talent that was required for the company. Gates had long recognised that it took exceptional people to write exceptional software. His preference for hiring extremely intelligent people, not necessarily experienced, new college graduates dated from Microsoft's start up days when he and co-founder Paul Allen recruited the brightest people they knew from school- their smart friends.

**How did Microsoft use their Talent Management Strategy to their advantage?**

- They defined their type of talent they wanted to attract and aligned their HR policies to recruit them. Bill Gates as their CEO was open and unapologetic in recruiting the "best and brightest".
- As the company grew they focused their recruitment strategy towards young talent in universities. Microsoft recruiters made visits to the chosen universities in search of the "best and brightest".
- They created an intense recruitment process before the candidate was hired, whereby the candidate would be interviewed by at least 3 to 10 Microsoft employees.
- The recruitment process tested their thought processes, problem solving abilities, and work habits. Little attention was given to their actual experience.
- Technical interviews were also conducted, and the candidate had to answer in a "written code". To test the candidates' deductive reasoning, composure and problem solving abilities, an oddball question would be asked during the technical interview. For example, the candidate would be asked "How many times does an average person use the word "the" in a day?". If the candidate took 30 seconds or more or did not know, then the interview was over.
- The interview feedback to other interviewers had simply either one of two responses ie "Hire" or "No Hire". This was emailed to the applicant with no room for any "no grey areas".
- Gates ensured that the company's credo was upheld - "If you have someone who is mediocre, who just sort of gets by on the job, then we're in big trouble." Gates believed and upheld that the "big trouble" was that, even though poor performers were weeded out, mediocre performers that remained were occupying positions that could be filled by someone brilliant.

[2] Bartlett, C. (2001). Microsoft: Competing on Talent (A). *Harvard Business School*, 1 . HBS Case No 9-300-001(Boston: Harvard Business School Publishing), 2001

- Gates focused on building his Caffeine culture - the employee benefits and the non-mandated benefits that created such a culture. "Anything with caffeine is free."
- Talent was always developed and challenged to develop. Work assignments had to be challenging and engaging.
- Reward was linked to employee ownership. Gates recognised talent with reward and linked it closely to performance. Reviews were formal semi-annually, and responsibility was on both the manager and employee.

Bill Gates is the richest man on the planet. (Forbes, 2016). As a leader he ensured that his talent management strategy changed and adapted from the 1980's to today.

"I'd have to say my best business decisions have had to do with picking people."
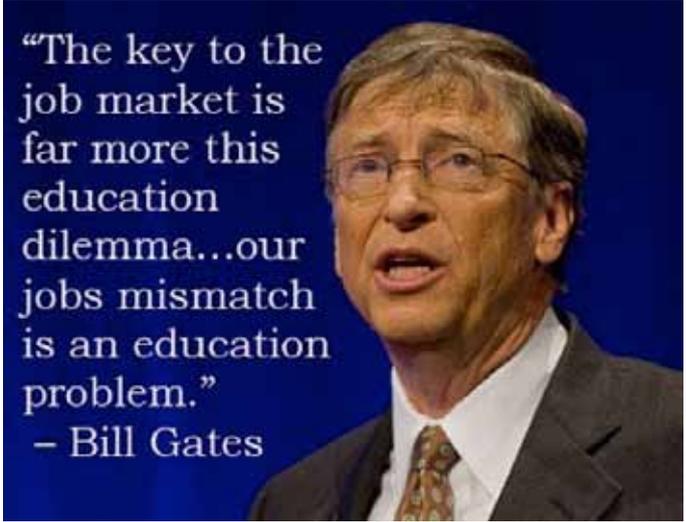
"The key to the job market is far more this education dilemma…our jobs mismatch is an education problem." – Bill Gates

3.   TALENT MANAGEMENT: THE PRESENT

Present talent management practices continue to incorporate aspects of the past. SA organisations have borrowed the practices and adopted the strategy of companies like Microsoft. However, it must be noted that not everything can be adapted and practised in the SA context. SA itself has moved into a volatile and downward economic phase. GDP has decreased and that negatively impacts sectors which are normally key areas of growth. Organisations are being forced to retrench, even having to reduce key categories of staff. HR professionals need to adapt their talent strategies to the economic climate of today.

Keller[3] has identified key challenges in today's global labour market:

CHALLENGES WITHIN THE LABOUR MARKET

a.   The challenge of open labour markets, including issues of retention as well as the general challenge of managing uncertainty.
b.   New models for moving employees across jobs within the same organisation.
c.   Strategic jobs for which investments in talent likely show the greatest return.

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[3]   Keller, P. C. (2014). Talent Management: Conceptual Approaches and Practical Approaches. Wharton School of Business, 305. Retrieved from Management Study Guide.com.

Keller and Cappelli[4] define two approaches where the first is inclusive (includes all employees) whilst the second focuses on workforce differentiation to identify key categories. These approaches have been used to manage the challenges within Talent Management – a leadership team needs to decide on which approach they wish to us.

INCLUSIVE

All employees and workers have strengths that are value adds to the organisation

Subset of employees or jobs that creates disproportionate value

EXCLUSIVE

Challenges specific to South Africa include the influx of youth into the employment market and the mismatch of job opportunities available to them. According to the South Africa Survey 2016 of the Centre for Risk Analysis (Institute of Race Relations), the number of unemployed people (narrow definition) between 1994 -2015 increased from 2 million to just over 5 million. The number of unemployed people (expanded definition) between 1994 -2016 increased from 3.6 million to 8.3 million. The graph below shows this trend very clearly.

[4]   Keller, P. C. (2014). Talent Management: Conceptual Approaches and Practical Approaches. Wharton School of Business, 305. Retrieved from Management Study Guide.com

Unemployment trends, 1994 - 2015

■ Official definition   ■ Expanded definition
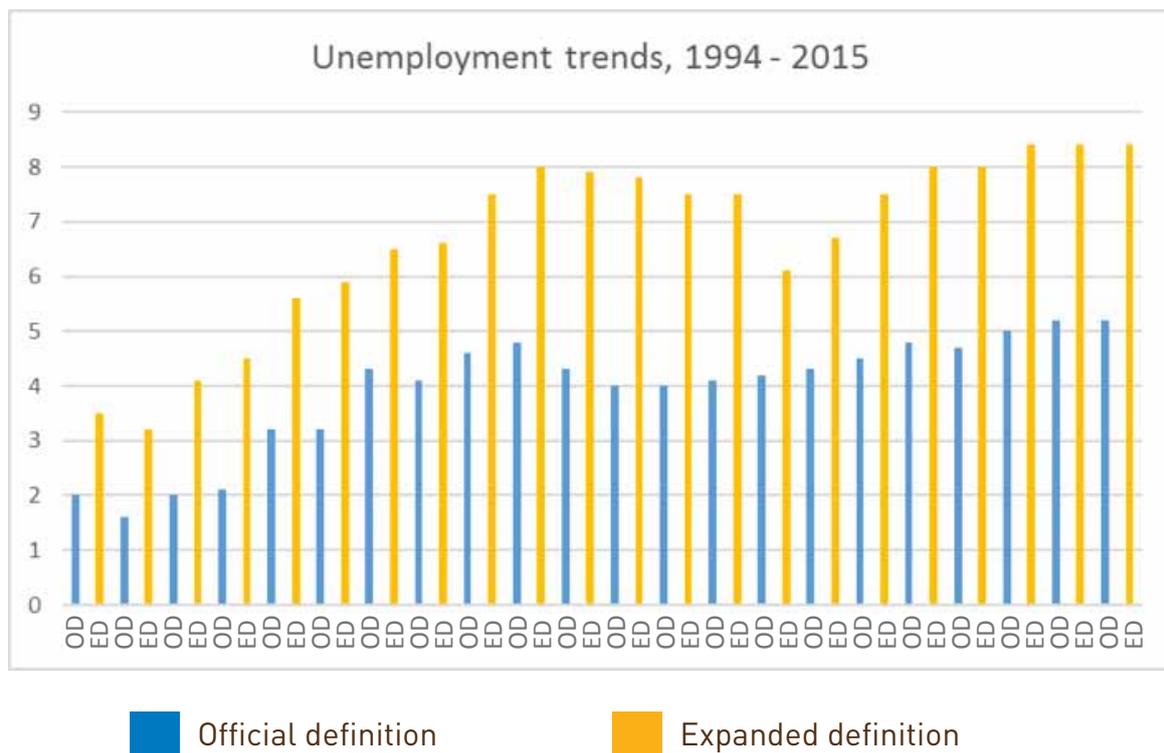
Source: 2016 South Africa Survey

What does this mean for Talent Management in South Africa?

- HR professionals must plan their talent forecasts in line with the business strategy and the talent strategy in line with bottom line contribution.
- Job profiling should be aligned to the skills and competencies required for growth, sustainability and profitability.
- Skills audits must be interlinked with workforce planning and succession planning.
- The talent management strategy must drive recruitment to ensure that the right talent for the future is attracted.
- The selection process should include competency testing and assessments to ensure that new recruits will reach expected performance rapidly.
- Rewards and recognition should be designed to be a performance motivator.
- HR must be business savvy, and link the talent management initiatives to organisation affordability, while building the business case for investing in talent for the future.
- Due to the influx of young people to the labour market, the demand for jobs rises whilst the supply of job opportunities decreases. This affects the economic growth of the country, and poses a challenge to the Government and private sector. HR professionals need to drive the talent strategy to attract the "best and brightest", whilst ensuring compliance to the relevant legislation like B-BBEE.
- Planning and forecasting of talent is critical. HR professionals need to understand and interpret the climate of the country and how it impacts the business. Changes in legislation, new technology, and socio-economic circumstances influence the strategic direction organisations must take to survive the current challenges. The talent management strategy will provide the competitive edge to secure the talent that drives and delivers on the strategy.

- The SABPP HR Competency model emphasizes the capability of Talent Management and its application and will assist HR practitioners to identify the skills they need to practise Talent Management proficiently.
- The SABPP Talent Management Standard element should be prioritised as a key strategic imperative in driving effective talent management strategies.
- Creating and building strong talent cultures in organisations is one of the most critical success factors for sound talent management.
- In developing an inclusive approach to Talent Management, key talent segments in the SA context should be identified, e.g. youth talent, black talent, women talent.
- A dedicated approach to talent development is needed to retain and optimise talent in organisations.
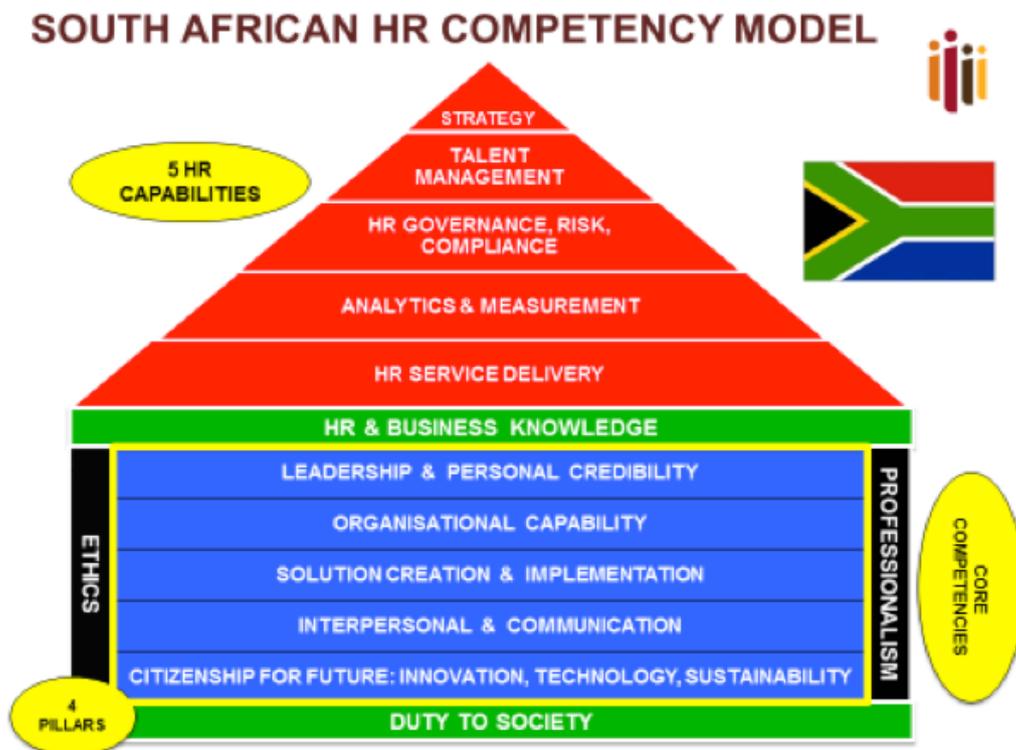
Source: SA Board of People Practices (SABPP)

The Bersin by Deloitte report *"Predictions for 2016 A Bold New World of Talent, Learning, Leadership and HR Technology Ahead"[5]*, focused on a set of key predictions for 2016. These predictions are a good indicator of the type of changes that impact talent management strategies globally and how the change impacts a particular country. South Africa currently is continuously adapting to the economic climate changes and the resulting impact on business. These predictions are useful for the preparation of new or improved strategies to assist business survival. The predictions[6] are summarized below:

1. The new digital focus for HR will change the way HR organisations design and deliver employee solutions.

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[5]   Home.bersin.com
[6]   Home.bersin.com

2. Currently employees don't find HR systems user friendly. These systems also are not delivering analytics needed for talent management, therefore organizations will continue to replace core HR systems with integrated cloud technology, "but it will be expensive, time consuming, and may not deliver on all of the talent management tools we need."

3. "People Analytics Accelerates Its Growth – Evolving to a Mainstream Program in the HR Function."

4. "A new generation of performance management, recruitment, learning wellness, and employee feedback systems" as components of talent management will create a new generation of talent management platforms

5. "Engagement, Retention, and Culture Persist as Top Priorities- With New Feedback and Analytics Systems Coming to Market. Real -time feedback, culture assessment tools, and other ways to capture and measure employee feedback will become a major new discipline within HR and business."

6. "Companies will continue to struggle with leadership development, leaders will advance young leaders faster, push new leadership models, and spend more money on end-to-end leadership programs. Mentoring and multigenerational support programs will grow and proliferate. Research shows that coaching and mentoring are the most valuable talent practices which you can develop in your company."

7. "The Revolution in Corporate Learning Continues as a New Model Evolves. Learning teams will focus more on "experience" and less on "program design," and end-to-end design thinking will spread throughout Learning and Development (L&D); curation and knowledge-sharing will grow. The "Four E's model of Learning Model" is likely (when applied) to pivot your Talent Management Strategy and L&D plans ahead of the curve in learning for 2016. The "Four E's model of Learning Model:

   - *Education (formal training)*
   - *Experiences (developmental assignments and projects)*
   - *Environment (a culture and work environment that facilitate learning)*
   - *Exposure (connections and relationships with great people)".*

8. "Diversity and Inclusion Merge with Key HR and Business Strategies – To move Well Beyond Compliance and Become a Strategic Part of Business."

9. *"The HR Profession Leaps Forward as a New Breed of HR Leaders Enter the Stage".*

4. TALENT MANAGEMENT: THE "POSSIBLE" FUTURE

The World Economic Forum, in the article *"The Future of Jobs and Skills,"* makes mention of developing terms related to talent management. The integral change factor is the disruptive changes occurring in business that will impact the employment landscape in the future. "Many of the major drivers of transformation currently affecting global industries are expected to have a significant impact on jobs, ranging from significant job creation to job displacement, and from heightened labour productivity to widening skills gaps."[7]. The article is the basis of results from the Forum's Future Jobs report which seeks to unpack and understand the difference between the current and future impact of disruptions on recruitment patterns across different countries and industries, the disruptions on employment and skill sets.

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[7]   Forum, W. E. (2016). The future of jobs and skills. World Economic Forum. www.weforum.org

What does the future hold for Talent Management according to the World Economic Forum?

- Drivers of change leading to the beginning of the Fourth Industrial Revolution
- The growth in artificial intelligence, robotics, machine learning, nanotechnology, genetics and biotechnology are emerging with speed.
- Smart systems will tackle all sorts of problems and challenges and impact socioeconomic, geopolitical and demographic developments.
- Employment trends could lead to "a net employment impact of more than 5.1 million jobs lost to disruptive labour market changes over the period 2015-2020." (Forum, 2016)
- Total loss of 7.1 million jobs concentrated on white collar office functions e.g. Office and Administrative roles.
- 2 million jobs gained in the Computer, Mathematical, Architecture and Engineering fields.
- "Manufacturing and Production roles are expected to see a further bottoming out but also anticipated to have relatively good potential for upskilling, redeployment and productivity enhancement through technology rather than pure substitution." (Forum, 2016)
- New and emerging roles are prevalent by 2020. These focus on 2 job types which are Data Analysts and Sales Representatives. These roles are projected to become critical roles in the future as one will assist the companies to make sense of the data generated by the disruptive technology, whilst the other need to evolve to commercialising and explaining their product offerings.
- Changes in ease of recruitment, looks at current trends that leads to the competition for talent in-demand professions like Computer and Mathematics; Architecture and Engineering.
- Disruptions in skill stability as the business model changes.
- The future workforce strategy should be a priority and business leaders must exercise more agility in their reaction to the disruptions occurring.

Source: Forum (2016)

World Economic Forum Recommendations for Action

- Reinvent the HR Function: "As Business leaders begin to consider proactive adaption to the new talent landscape, they need to manage skills disruption as an urgent concern."
- Making use of Data Analytics: "Businesses and governments will need to build a new approach to workforce planning and talent management, where better forecasting data and planning metrics will need to be central."
- Talent diversity - no more excuses: "...it is time for fundamental change in how talent diversity issues perceived and well known barriers tackled."
- Leveraging flexible working arrangements and online talent platforms

- Rethinking education systems:" Business should work closely with governments, education providers and others to imagine what a true 21st century curriculum might look like."
- Incentivising lifelong learning: "Governments and businesses have many opportunities to collaborate more to ensure that individuals have the time, motivation and means to seek retraining opportunities."
- Cross-industry and public-private collaboration:"Given the complexity of the change management needed, businesses will need to realise that collaboration on talent issues, rather than competition , is no longer a nice-to-have but rather a neccessary strategy."
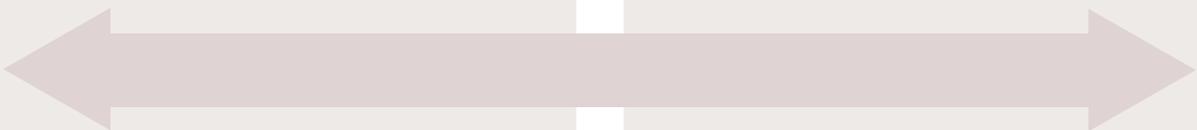
Source: (Forum, 2016)

5.   CONCLUSION

According to the Talent Management Survey Report of 2012/2013 by Knowledge Resources, performance in three areas can assist companies to have an advantage over their rivals[8]:

- "Build stronger people leaders.
- Do more to attract, develop and retain talented people.
- Treat and track performance with transparency."

"The challenges facing many companies will require a paradigm shift in leadership capacity for those organisations to succeed...We developed the Goldfields Limited leadership programme aimed at achieving the transition of middle to senior managers currently operating at an operational level of work into a more strategic level of work as our future general managers." Italia Boninelli.[9]

Following through on the Knowledge Resources report, and according to BCG/WFPMA *Creating People Advantage Survey* (2012)[10] there are six essential steps to building your talent base, which is the foundation in achieving and sustaining   a talent advantage over rivals:

1. "Develop a Talent Strategy.
2. Develop a Leadership Model
3. Tailor your Sourcing activities to attract Diversity
4. Engage in Talent development activities that accelerates internal capabilities
5. Create a culture of Talent engagement and affiliation.
6. Create a Talent Magnet Culture".

In comparison, Bersin identifies "key practices that create an inclusive talent system- they are hallmarks of global companies that outperform their peers today."

- Integration of diversity topics and inclusion programs in learning and development.
- Coaching and specific practices that create inclusion and reduce bias in performance management.
- A focus on inclusion and diversity in succession management.
- A diversity and inclusion strategy that is well-communicated throughout the company.
- A senior diversity and inclusion leader who is empowered to set standards and communicate results.
- A focus on tools and training to include diversity in career management and development.
- The development of tools, training, and metrics for diversity and inclusion in talent acquisition."

Source: Bersin, 2016

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[8]   Knowledge Resources Talent Management Survey Report of 2012/2013
[9]   Human Capital Trends, 2011 Boninelli & Meyer, Knowledge Resources
[10]   BCG and WFPMA Research. 2012

The HR function is the custodian and driver of the Talent Management Strategy and can utilise the information of this Fact Sheet to improve their strategies. The key themes reflect that change in the business environment is the catalyst for Talent Management strategies to adapt accordingly.

The SABPP audited 14 companies by November 2015, found that the Talent Management Standard rated a 4.7 out of 10. This scoring shows that Talent Management within South Africa is an area that warrants improvement and that HR practitioners are recognising the importance Talent Management plays in the overall business strategy. These results indicate that Talent Management requires much more focus and attention, and needs to be developed more strongly. The past, present and future trends provide an important thread to show how much impact a strong, fit for purpose Talent strategy can have on the success of the business.

Former MTN group president and CEO Sifiso Dabengwa says "the company invests significantly towards building a sustainable supply of quality leaders."[11]

It is therefore the responsibility of the HR leadership to ensure that their talent plans are meeting the expectations of the business vision and the changing environment.

This Fact Sheet was written by Lathasha Subban of the SABPP with acknowledgements to Mr Marius Meyer and Dr Penny Abbott.

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[11] http://www.itweb.co.za/index.php?option=com_content&view=article&id=65978

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FACT SHEET

DATE	NUMBER	SUBJECT
2013		
February	1	**GAINING HR QUALIFICATIONS**
March	2	**ETHICS, FRAUD AND CORRUPTION**
April	3	**NATIONAL DEVELOPMENT PLAN**
May	4	**BARGAINING COUNCILS**
June	5	**EMPLOYMENT EQUITY**
July	6	**HR COMPETENCIES**
August	7	**HR MANAGEMENT STANDARDS**
September	8	**PAY EQUITY**
October	9	**COACHING AND MENTORING**
November	10	**HIV/AIDS IN THE WORKPLACE**
2014		
February	1	**EMPLOYING FIRST-TIME JOB MARKET ENTRANTS**
March	2	**PROTECTION OF PERSONAL INFORMATION ACT**
April	3	**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**
May	4	**WORK-INTEGRATED LEARNING**
June	5	**RECRUITMENT – SCREENING OF CANDIDATES**
July	6	**HR RISK MANAGEMENT**
August	7	**BASIC HR REPORTING (1)**
September	8	**BASIC HR REPORTING (2)**
October	9	**EMPLOYEE ENGAGEMENT**
November	10	**SEXUAL HARASSMENT**

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DATE	NUMBER	SUBJECT
2015		
February	1	**AMENDMENTS TO LABOUR LEGISLATION 2014**
March	2	**THE REVISED BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES OF GOOD PRACTICE**
April	3	**LESSONS LEARNED FOR EMPLOYERS FROM CCMA CASES**
May	4	**EMPLOYEE WELLNESS SCREENING**
June	5	**CHANGING THE EMPLOYMENT EQUITY LANDSCAPE**
July	6	**EMPLOYEE VOLUNTEERING**
August	7	**DEPRESSION IN THE WORKPLACE**
September	8	**EMPLOYEE WELLNESS**
October	9	**EQUAL PAY AUDITS**
November	10	**BASICS OF EMPLOYEE COMMUNICATION**
2016		
February	1	**PRODUCTIVITY BASICS**
March	2	**SERVICE LEVEL AGREEMENTS**
April	3	**TALENT MANAGEMENT: PAST, PRESENT AND FUTURE**

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