

Future-proofing your talent management: Bridging the worlds of talent and careers.

In a world where digitization accelerates the disruption of business models (Clark, 2003) and individual skills (Frey & Osborne, 2017), talent management has become a key driver of strategic advantage (Schuler, Jackson & Tarique, 2011). A recent McKinsey & Company (2018) study shows that companies that manage to attract and retain talent through effective talent-management processes outperform their competitors up to 6 times in terms of shareholder earnings. However the same survey reveals that only 5% of organizations succeed at implementing these processes. Yet, findings on the outcomes of talent management processes show that one out of two leaders and 40% of 'High potentials' do not actually perform to expectations (Chamorro and Bhaduri, 2017). **So CEO's and HRD's should wonder what their organizations can do to increase the ROI on talent.**

A first observation in this respect is that scientific research on talent management is booming but perhaps not always as helpful as we'd like it to be.

The current state of play on talent management in scientific literature is rife with debate on what talent and talent management are or should be



about. It leaves us questioning if we should invest in talent in an inclusive way or just for the top potentials (Stahl, Björkman & Morris, 2012)(Lepak & Snell, 1999)(Renzulli, 2005; Buckingham & Clifton, 2001), whether we should be transparent or secretive about these investments in some of our staff (Dries et al.; see LinkedIn) and whether the focus of talent investments should be on the people or the object of talent: the skills, knowledge and abilities our organization needs (Hinrichs, 1966; Buckingham & Vosburgh, 2001; Pfeffer & Sutton, 2006; Gagné, 2005), commitment (Weiss & Mackay, 2009) or fit with the context (Pfeffer, 2001)? While these are all relevant insights to

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help design your talent management policies, they overlook a fundamental issue which has seemingly not been mainstreamed from scientific literature yet...

Four drivers for Integrated Talent Management

The fragmentation of talent definitions and perspectives has led to a separation of talent management responsibilities into distinct disciplines each with their own interest. Talent, on the one hand, has become the responsibility of those specialized in the business of acquiring, developing and managing competences. This is in essence a strategic perspective in order to ensure organizational continuity and performance. Careers, on the other hand, are left in the hands of coaches versed in career orientation, personal development and positive psychology, to work with the career owner on their personal strengths,

their energy drivers, their career path and perspective on life, their soft skills and their affective states (Dries, 2013). Their aim is to dynamically design and manage the path to subjective career success. While specialization improves the effectiveness in each activity, most organizations fail to integrate their talent- and career-oriented practices. This is why now, recruiters are usually not accountable for retention and neither are talent managers for return on talent. From an economic and a systems point of view, it makes no sense to manage them separately. Simply put, optimizing part of an overall interlinked problem inevitably leads to suboptimal solutions. In practice, these recent calls from the literature to distinguish talent management from career management can be, and have been, mistakenly translated into the separation of HRM roles. This only contributes to the fragmentation of the HR department as a loosely coupled collection of tactical roles. We argue



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that this lack of integration leads to three key barriers to achieving optimal talent management outcomes:

1. Lack of integration leads to missing out on perspective

Talent Management is still too often approached exclusively from an organizational perspective. The current career landscape is characterized by a scarcity of available talent and a new psychological contract loosens the ties between individuals and their organizations (*Dries, 2013*). Despite this, organizations fail to integrate the individual perspective into their talent management processes. An inherent effect of this lack of integration is that they miss out on a great deal of the potential impact of Talent Management efforts.

Organizations make decisions on promotions, lateral moves, role expansion, and more, without evaluating if this fits the career roadmap of the individual career owner and whether he / she is ready to make these moves. This leads to breaches in the psychological contract, as expectations are not fulfilled, the wrong opportunities are offered and promises are broken (*Garrow & Hirsh, 2008*). By consequence, undesired and often unexpected consequences occur. Individuals become disengaged, look out for a new job or (temporarily) can't handle the pressure and fall out. Group and team dynamics may also become affected by introducing the wrong people in the groups or by withdrawing people from groups that were instrumental to the group cohesion.

2. Lack of integration leads to missing out on future-orientation

Of all the functions, HR has been the last to embrace the use of data and analytics, especially on the 'soft' side (*KPMG, 2015*). It's these softer insights about your employees' motivations, energy, and aspirations that are crucial to have a chance of predicting what they'll do and how they'll react to events. For an HR function seeking to contribute strategically to the growth and success of the business, these workforce behavior indicators offer a glimpse into the future. The fundamental question here is:

Why is it that we expect finance, sales, marketing and operations to be able to make projections of future performance, but not HR?

For any organization that is serious about talent management, talent should be a key part of boardroom discussions. So the HRD, chief talent officer or chief happiness officer should have their seat at the board and be able to bring talent issues into discussions about the company's current position and longer term plans. That also means that HR should further drive the use of evidence-based measures and steer based on data that go beyond operational factors such as absenteeism, number of part-times/ FTE's, measures of overall engagement and current competence. Instead, talent issues that are key to strategic growth of the organization **imply a focus on future-oriented indicators such as potential, talent risk and deeper behavioral motives and meta-skills**. Just like we wouldn't be content

with a financial reporting that does not make future projections at a quarterly business review, talent analytics should also include predictive measures. That is a best practice in the relationship with both the board and the employee. A realized state does not necessarily tell us where someone can be taken.

3. Lack of integration leads to a missing common foundation

Talent management today is often based on intuition (*Dries, 2013; Highhouse, 2013*). Organizations believe they can spot talent when they see it, and formal policies are biased or non-existent (*Hecht et al., 2018*). It is the idea that we 'intuitively' know talent when we see it and underestimate the importance of formal testing (*Highhouse, 2008*). But judgment is subject to a number of important biases such as gender, influence, ageism, conflict avoidance, self-interest and favoritism (*Chamorro & Bhaduri, 2017*). As mentioned above, survey results show that results of talent management processes are currently very disappointing.

This is not entirely surprising given that, to the extent that they use analytical tools, many organizations do not discriminate between evidence-based and pseudo-scientific tools (*Le Blanc, 2019; De Cort, 2019*). Even within the selection of decision support tools that do have a scientific underpinning, not every validated tool is valid for the use you have in mind. Big 5 based tests, for instance, build on a wealth of scientific support, but the dimensions that are relevant to predict the effectiveness of different

employee types differ. Moreover, they are developed to measure generic personality differences, not vocational or career-related behavior. In short, they're not designed to inform you about the drivers of success for your organization or even your employees. As such, your metrics should be fit-for-purpose, with an optimal predictive validity toward individual and organizational outcomes.

To this end, we at CareerCoach® employ a very recent model by Ans De Vos and colleagues that operationalizes the key sustainable performance areas for modern talent management in terms of Happy, Healthy and Productive employees (*De Vos, Van Der Heijden, & Ackermans, 2018*). These offer a comprehensive summary of the key outcomes for talent management and allow you to monitor leading indicators as well, to drive your performance.



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4. Lack of integration leads to missing ROI from new technologies

As a last issue, not integrating your talent management efforts bares the risk of not capitalizing on the vastly increasing potential from new technologies.

New possibilities in data integration, machine learning, and even IoT applications in wearables and other areas greatly increase an organization's capacity to monitor, report on and have an impact on key talent effectiveness drivers. Most new technology projects that we see, however, fail to embed the technology in a clear strategic vision. **When using analytic tools, it is key to start from the impact you want them to have (Rasmussen & Ulrich, 2015).** We often also notice a fundamental distrust or disliking of new technology experiments among HR personnel, as they're ultimately people-oriented, not data- or technology-oriented. However, a smart use of new technologies should actually provide HR staff with gains in both time and insight for more quality interactions with your employees. They can be a multiplier on the effectiveness of your HR staff's efforts and impact key drivers

“Companies that manage to attract and retain talent through effective talent-management processes outperform their competitors up to 6 times in terms of shareholder earnings.”

such as employee experience, well-being monitoring and feedback. This too is a strategic development area for organizations seeking to increase their talent management returns. In a recent survey, Gallup found that only 3 out of 10 U.S. employees feel they have the right materials to do their job correctly. So there's still quite some road to be travelled.

How can you future-proof your talent management toward a more integrated approach?

In this white paper we've made the point that we're on the verge of a new model for talent management. What can HR leaders do to move toward a more integrated perspective on talent management in their organization? As we've argued above, moving toward Integrated Talent Management involves progress on four critical success factors. Career intelligence,

1. Integrated Talent Management is evidence-based

Career intelligence is a necessary condition in the talent management process. Career intelligence comes down to the collection of objective data on individuals as well as the follow-up to measure performance of the systems and impact of the actions taken (Dave Ulrich, March 2019). This allows you to get a clear image of the return on the investment and the effectiveness of the talent management practices. Career intelligence allows to link people practices to performance by making things measurable, accessible and

standardized (*Gardner, McGranahan & Wolf, 2011*). When career intelligence is used to work toward clear goals it adds important value to the business. In our next article, we'll dive more deeply into the evidence-based aspect of future-proof talent management.

2. Integrated Talent Management is inclusive of the career owner's perspective

Talent Management is only effective if peoples' analytics are used to integrate the individual perspective into the process. Talent management should always be accompanied by insight in the individual career owners' perspective, the interests and motivations of your employees (*Dries, 2011*), in the interpersonal relationships and the individual group affect (*Dries, 2013*). To achieve results, the needs of the business must be harmonized with the individual career goals of the

employees in it (*Fleisher, Khapova & Jansen, 2014; Lips-Wiersma & Hall, 2007*). There is an important interdependence between the organization's functioning as a whole and the individuals that constitute it (*Tams & Arthur, 2010*). In a third article in this series, we'll explore how you can embed the career owner's perspective into your talent management processes.

3. Integrated Talent Management is future-oriented

We cannot develop and retain talent without aligning with, and nurturing, the individual career perspectives. This requires that our metrics go beyond the present and provide insight into your talent's development paths and career paths. Personality, motivation, competencies and person-environment fit can all be measured in an evidence-based way and are done so for recruitment



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purposes. For a more strategic impact with your metrics, they need to provide insight into the path shaped by your employees development potential and career meta-skills. To this end, support your decisions by a thorough grasp on future-oriented talent intelligence and career intelligence. The former tell you more about the skills, knowledge and abilities your organization needs as well as the potential to meet future needs. The latter about whether the people carrying these competencies will be inclined, motivated, and energized to keep moving with your organization. In a fourth article in this series, we'll unveil what it takes to enable future projections with career intelligence.

4. Integrated Talent Management implements new technologies in a smart way

The new technological possibilities

for HR are myriad and growing by the day. The explosive rise of the Belgian HR tech scene is exemplary of this trend. Analytics make measuring, predicting and evaluating human practices possible. Before you start, however, ask yourself what exactly do you aim to achieve, what are you doing it for? Otherwise it is like launching a new product without a market. The technology of an online dashboard facilitates the crucial follow-up and data storage to measure performance of the systems and actions taken. This allows to get a clear image of the return on the investment. In the fifth and final article in this series, we'll dive into how HR can position itself to leverage the full potential of new technologies while remaining people-driven. Stay tuned for more information on Talent Management.

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