Attracting, retaining and developing talent

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Defining Talent Management

Despite its common use in the academic and practitioner literature, talent management has been poorly defined.

Lewis and Heckman (2006: 140):

1. “…ensure the right person is in the right job at the right time.”
2. “…a deliberate and systematic effort by an organization to ensure leadership continuity in key positions and encourage individual advancement.”
3. “…managing the supply, demand, and flow of talent through the human capital engine.”
HR Cycle

Source: BPS Consulting (2011)

Attracting talent

1. Top Management priority
2. Enhance firm attractiveness
3. Opportunities for learning
4. Realistic job previews
5. Enhancing work experience

Source: Hilltrop (1999)
Attracting and Retaining

- The literature suggest that there are 11 core ways of attracting and retaining talent (Hiltrop, 1999).
- These factors are important because the emphasis is on non-monetary factors.
- The overall argument is there is a strong correlation between HRM practices and attracting/retaining talent.

1. Psychological contract
2. Top Management priority
3. Enhance firm attractiveness
4. Line managers accountable
5. Employee value proposition
6. Opportunities for learning
7. Information and support
8. Realistic job previews
9. Enhancing work experience
10. Redefine HR managers
11. Build internal talent pool

Recruitment and Selection

- Traditionally, recruitment and selection focused on finding the ‘right’ person for a particular job (Newell, 2005).
  - In other words, selecting the candidate with the best ‘fit’.
- There are many problems with selecting the wrong person:
  - High labour turnover
  - Absenteeism
  - Disciplinary issues
  - Low productivity
  - Poor customer/client satisfaction
- Employees who are ‘too good’ can cause as many problems as those who are ‘not good enough’.
Recruitment Wheel

Source: Banfield and Kay (2008: 81)

The overlap of recruitment and selection

Source: Banfield and Kay (2008: 62)
Overview of recruitment and selection

Source: Banfield and Kay (2008: 74)

Recruitment versus Selection

› It is important to recognise that recruitment and selection are not necessarily the same:
  - Recruitment – attracting people to apply for jobs
  - Selection – process of choosing candidates

› Clearly, recruitment is a vital prerequisite for good selection:
  - This a core reason why there has been a strong emphasis on attracting talent.
Kolb et al.’s (1984) experiential learning cycle

- **Experience** – can be established from application forms, during interviews or reviewing any psychometric tests.
- **Reflection** – thinking and analysing the behaviour of candidates over the course of the selection process.
- **Generalisation** – analysing the decision-making process.
  - Managers – are the candidates suitable?
  - Candidates – would they want to work for the organisation?
- **Experimentation** – job promise versus job reality
  - How did the quality of the candidate compare to what was expected in the selection process?
  - For the candidate, does the job live up to their expectations?
All types of organisations (e.g. firms and governments) need to employ competent and motivated workers.

Human resource development (HRD) is vital for meeting the needs of both employers, working teams and employees.

There are many examples of human resource development:
- Training new employees
- Teaching someone to use new technologies
- Running an orientation session
- Sponsoring a company training program
- Career planning assessments
- Changing an organisation’s culture

“Human resource development (HRD) can be defined as a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands” (Werner and DeSimone, 2009: 4).

HRD activities begin when employees join organisations and continues throughout their careers.

This applies as much to workers holding senior management positions as those holding junior positions.

Arguably HRD is not just about the benefit of employers and employees, but also society as a whole.
History of HRD

› The term HRD is relatively new (c. 1980s):
  - But, the process of HRD has been in existence for much longer.
› Apprenticeship training in the 18th century are an early example of HRD:
  - Small shops run by skilled artisans e.g. cobblers or blacksmith
› At a time when vocational and technical schools did not exist, shopkeepers had to train their own workers.
› This training model was also applied to physicians, educators and attorneys.

HRD Functions

1. Training and development
   - Orientation for new staff members.
   - Providing knowledge, skills, attitude training and counselling.
   - Management training for experienced employees.
2. Organisation development
   - Macro and micro organisational changes.
   - Implementing changes through internal consultation.
3. Career development
   - Assessing individual skills in relation to career planning.
   - Career management and fostering career development.
Key drivers of retention

There are a number of critical factors which help to retain talent:

1. Identify key areas of the workforce that are driving current and future growth → “super-keepers”.
2. Establish the issues employees care about most.
3. Focus on individual development and challenge their minds and skillsets.
4. Connect them with people who can help them to develop and achieve their objectives.

Talent Myth (Gladwell, 2002)

The talent mindset is a key justification for:

- Recognising top-tier qualifications
- Paying high salaries

Firms seen as only as good as their stars.

Enron is an interesting paradox:
- It hired and rewarded the best
- Now it is bankrupt
“The only thing that differentiates Enron from our competitors is our people, our talent” (Kenneth Lay, Former Chairman and CEO of Enron)

Lynda Clemmons worked in derivatives for Enron:
- Trader → Associate → Manager → Director → Head of Business Unit in 7 years.

How can someone’s performance be evaluated in such a short time-frame (Gladwell, 2002: 30)?

Such assessments are not measuring performance.
“They were looking for people who had the talent to think outside the box. It never occurred to them that, if everyone had to think outside the box, maybe it was the box that needed fixing.”

Gladwell, 2002: 33
Fear and Greed

"Occasional outbreaks of those two super-contagious diseases, fear and greed, will forever occur in the investment community. The timing of these epidemics is equally unpredictable, both as to duration and degree. Therefore we never try to anticipate the arrival or departure of either. We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."

Warren Buffett (2001)
Acknowledgement

› Leading people and managing resources to create value.
› Decisions affect people inside and outside of the organisation today and in the future.

Promises

› Manage with loyalty and care. Not placing personal interests at the cost of the firm or society.
› Uphold the laws and contracts of the enterprise.

More MBA Oath Promises

› Refrain from corruption or unfair competition.
› Protect human rights and dignity and oppose discrimination and exploitation.
› Protect the right of future generations to advance their standard of living and enjoy a healthy planet.
› Report risk and performance accurately and honestly.
› Invest and develop in oneself and others, helping to advance and achieve prosperity and sustainability.
› Set an example of integrity, trust and esteem. Remain accountable for actions.

“This oath I make freely, and upon my honor.”
Ethics on the rise

› The heart of the Harvard MBA is about gaining a competitive advantage.
› However, there has been an explosion of interest in ethics:
  - The timing of this is telling:
    - When bankers and consultants have come under unprecedented criticism for the global financial crisis
› Graduates are not only interested in pursuing careers in more diverse sectors, but they are also now wanting to take courses in business ethics.

Corporate Social Responsibility

› Corporate social responsibility (CSR) is an increasingly important way of attracting and retaining talent (Bhattacharya et al., 2008):
  - CSR is now considered an important aspect of the ‘employee value proposition’
› Examples include:
  - Employees engaging in community projects
  - Companies funding social programs
› Although firm engagement with CSR is high, few have worked out how best to gain returns.
Positive impact of CSR

“CSR also humanizes the company in ways that other facets of the job cannot; it depicts the company as a contributor to society rather than as an entity concerned solely with maximizing profits”

(Bhattacharya et al., 2008: 37)

Over-emphasis on externals

› Most of the priority on CSR has been focused on external receptiveness.
› Within this domain, some scholars suggest that organisations are participating in CSR because of compulsion rather than desire (Porter and Kramer, 2006).
› Recent research suggests that CSR might be an important way of managing talent.
› There is general support among senior managers for CSR activities, but less understanding about how to make a big impact.
Corporate Reputation

- It is an intangible asset that enables firms to:
  - Gain public recognition.
  - Charge premium prices.
  - Attract and retain talent.
  - Enhance access to markets.
  - Build strong business relations.

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently” (Warren Buffett).

Toyota’s reputation for reliability

- Toyota used to have a strong reputation for reliable automobiles.
- Following safety concerns of pedals, the company had to recall 10 million vehicles.
- Between January, 2009 and January, 2010, the shares in the company dropped 3.9% and stocks declined by 15%.
- Initially, Mr. Akio Toyoda refused to testify in Congress personally, but sent a low-ranking spokesman.
BP and the Gulf of Mexico oil spill

- The oil spill was caused after BP’s Deepwater Horizon rig exploded and killed 11 men.
- It covered an enormous area (2,500 square miles). With 5,000 barrels of oil gushing into the ocean each day.

“I want to be clear, this was not our accident but it is our responsibility to deal with the leak and clean up the oil.” (Tony Hayward, Chief Executive of BP)

BP Share Price (March 2010 – March 2013)

Source: Google Finance (2013)
Qantas and Reputation

› In 2011 and 2012 Qantas experienced industrial disputes with a number of trade unions.

› A lot of these disputes stemmed from:
  - new enterprise bargaining
  - Intentions to launch a new airline in Asia

› Engineers, pilots and baggage handlers carried out protected industrial action.
What happened?

› On 29th October, 2011, Qantas locked out its employees:
  - The entire Qantas mainland fleet would be grounded

› After an application by the Federal Minister for Workplace Relations:
  - Fair Work Australia terminated the industrial action on the 31st October, 2011.

Case Study question

› What were the major reputational risks for Qantas of grounding its entire mainland fleet?

- Some ideas (but not an exclusive list):
  - Revenue and profit
  - Existing and future customers
  - Government and union relations
  - Response of competitors
  - Tourism
  - Communication
In 1986, QMM (subsidiary of Rio Tinto) started an exploration programme in the east of Madagascar.

Mineral sand deposits were identified in the Anosy region near Fort Dauphin.

The ore deposits were located in one of the world’s biodiversity hotspots.
External stakeholders

“The potential for impact on biodiversity makes our projects potentially sensitive for regulators, local communities, investors, non-government organizations and employees. Rio Tinto’s long term success depends on our ability to understand and manage these issues.”

(Rio Tinto, 2009)

Physical challenges

› Three types of physical environment were identified:
1. Littoral rainforest
2. Wetlands
3. Open environment

› The country harbours a great diversity of flora and fauna, many of which are endangered.
External criticism

“Destroying these unique forests for the sake of a quick profit is madness. The international community should mobilise resources for developments that will help and not wreck the local economy and irreplaceable wildlife.”

(Friends of the Earth 1996)

Human challenge

› Several rural villagers were living near to the proposed mining sectors.
› These communities relied heavily on the forest and wetlands:
  - Building timber
  - Medicinal plants
  - Basketry material
  - Fruit and game
Strategic Hiring

› In 1996, QMM established a full time environmental and conservation team:
  - Led by Manon Vincelette:
    - Hired from Conservation International

› QMM actively engaged with local, national and international stakeholders:
  - Chiefs
  - Politicians
  - Kew Gardens
  - Birdlife International and Flora and Fauna International

Criticism

› QMM continued to receive criticism for their activities from NGOs such as Friends of the Earth.

› In 2001, QMM conducted a Social and Environmental Impact Assessment (SEIA):
  - Environmental permits for the first of three mining sectors
    → particular obligations

› Key partnerships established with USAID, Missouri Botanical Gardens and Kew Gardens.
In 2002, QMM set up:

- Restoration and reforestation of mined areas
- Conservation area of littoral forest and wetlands

Despite criticisms, QMM went ahead with the mining project in 2005.

Construction started in 2006 and mining operations commenced in 2009.

QMM’s aim is to have a net positive impact (NPI).

Positive initiatives

Jonny Rabenantoandro is Head of Flora Biodiversity and Ecological Restoration.

He argues that without QMM’s conservation efforts, the last remaining littoral forests in area would have disappeared.

Initiatives include:

- Country’s largest tree nursery
- Seed storage and propagations
- Monitoring and management of mammals, primates, reptiles, amphibians, birds, fishes and invertebrates.
Working with local communities

› QMM co-manages the conservation zones with local communities:
  
  - This is meant to empower local people to protect and manage their resources

› The agreement is based on a ‘dina’ which is a Malagasy contract:
  
  - Provides mutual consultation and participation

Case study questions

› What are the ethical risks associated with the QMM mining project?

› Should conservation or development take priority?

› What role should large mining companies play in conservation and environmental protection?
References