

TALENT MANAGEMENT

PRACTICES AND OPPORTUNITIES



EXECUTIVE SUMMARY

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The *ASTD-i4cp Talent Management Practices and Opportunities Study* (the study) found that integrated talent management is a relatively new practice that will become increasingly emphasized in organizations over the next three years. In today's volatile business market, effectively managing human capital can play a crucial role in business success. Talent management has become a top priority for organizations. It is also an area where there is much room for improvement. Only about one in five organizations report that they manage talent effectively to a high or very high degree.

There is debate in the profession as to how to define talent management. For the purpose of this study, we defined talent management as

a holistic approach to optimizing human capital, which enables an organization to drive short- and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals.

The aim of this study is to discover how talent management is currently being used by a diverse range of organizations and to discern the best practices of an effective talent management program. To that end, ASTD and i4cp identified multiple opportunities for organizations to enhance their talent management capabilities:

- integrating talent management components more effectively
- focusing efforts on the right programs and processes
- determining how best to lead talent management programs
- nurturing talent-oriented corporate cultures
- adopting talent management metrics
- cultivating the skills needed to manage talent effectively.

PUTTING TOGETHER THE PIECES OF THE TALENT MANAGEMENT PUZZLE

Multiple components come together to make up an effective talent management program. ASTD and i4cp identified the 20 most critical components and asked respondents to specify which ones they use in their talent management programs. The results suggest that talent management comprises a whole that exceeds the sum of its parts. Performance management is the most commonly included component, followed by learning/training, leadership development, high-potential employee development, and individual professional development.

Based on the components the surveyed organizations include in their talent management program, ASTD/i4cp identified the four general types of organizations:

- Organizations with a *Full Scale* talent management program incorporate virtually all 20 components to a high or very high degree.
- Organizations with a *Partial Scale* talent management program incorporate many core workplace learning and performance (WLP) components and core human resources functions to a high or very high degree and all others to a moderate degree.
- Those with a *WLP-focused* talent management program incorporate virtually all WLP components to a high or very high degree and most others to a moderate degree.
- Organizations with no talent management program incorporate none of the components to a high or very high degree and only two (learning/training and performance management) to a moderate degree.

In addition to serving as a conceptual framework for categorizing talent management programs, these groupings also highlight differences among organizations on such dimensions as talent management effectiveness, organizational culture, recruitment and retention effectiveness, engagement level of employees, and corporate performance.

Through the integration of separate components into a whole program, the components reinforce and support each other, creating synergy among them and lending cohesion to the talent management program. But a lack of integration is a concern for most companies. Only 19 percent of the respondents indicated that their companies *integrated talent management components* to a high or very high extent, and only one in five said their firm has the technological capability to do so. Because a high level of integration is positively and significantly correlated with the ability to manage talent effectively, firms that wish to further integrate their programs and approaches have significant opportunities to improve their talent management function.

DRIVING AN EFFECTIVE TALENT MANAGEMENT PROGRAM

Companies want to master talent management for multiple reasons, but one reason overwhelmingly led the pack in the ASTD survey. Over two-thirds (69 percent) of respondents reported, to a high or very high extent, that *the need to execute their strategies* drove talent management initiatives. Survey respondents cited other leading drivers such as the need to

- compete in the marketplace
- retain talent
- provide customer service
- cope with organizational changes.

Potential stumbling blocks to effective talent management were also on the minds of survey respondents. Chief among those stumbling blocks identified by the survey were

- organizational cultures that do not support talent management effectiveness
- lack of leadership support for talent management initiatives
- organizational policies and procedures that do not align with talent management objectives
- inability to engage workers and a failure to integrate the components of talent management.

FOCUSING YOUR TALENT MANAGEMENT PROGRAM

Because integrated talent management is a new application, there is not yet a consensus in the industry on who is viewed as “talent”—or who is responsible for managing that talent. A majority of study participants said that, to a high or very high extent, their organizations *directed talent management efforts toward senior managers*, while 58 percent focused on *high-potential talent*, and 49 percent focused on “*pivotal*” employees, defined as those in positions crucial to organizational success. Only 18 percent of organizations focused to a high or very high extent on *all employees*.

Talent management effectiveness was most likely to be reported by organizations that targeted their talent management programs at senior executives, high-potential employees, skilled workers, and those in pivotal roles.

The assigned responsibility for talent management is fluid from one organization to the next. More than half (54 percent) of study participants said their *HR leader* was responsible to a high or very high extent for talent management; 48 percent said the same was true for the *whole executive team*, followed by *CEOs* (47 percent) and *training/learning leaders* (43 percent). The organizations that reported the most effective talent management programs were those that held their *entire executive teams* responsible for talent management.

Solid support by senior leadership is a crucial factor in the success of talent management programming. Fifty-one percent of survey respondents specified that their *leaders see talent management as vital to organizational success* to a high or very high extent. In addition, this statement was highly and positively correlated with effective talent management. An *organization’s culture [that] supports talent management* is another feature that is strongly linked to a successful talent management program. Leadership and organizational culture often go hand in hand. If top leaders and the larger organizational culture both support talent management, then it is much more likely to be seen as effective.

IDENTIFYING THE BEST TALENT MANAGEMENT STRATEGIES—AND WHAT NEEDS IMPROVEMENT

Most organizations do not believe that they manage talent effectively. The good news is that our study reveals there are enormous opportunities for improvement, and learning underlies many of these opportunities. To understand how these improvements should be implemented, we asked participants about the degree to which their companies use certain strategies and the degree to which they *should* use them.

Opportunities to bolster talent management exist in many areas of an organization. We asked about 10 different improvement strategies, and less than a third of the respondents indicated that their firms were using those strategies to a high or very high extent. On the lower end of the scale, less than 16 percent of respondents said that their organizations *held managers accountable for effective talent management* (to a high or very high extent). The same held true for *involving workers in developing program content* and *improving the cost effectiveness of programs*. Only about 12 percent said their companies had talent management metrics. In all cases, respondents acknowledged that they should be engaging in the practices specified to a much greater extent than they actually were, and companies that actually do engage in the practices are correlated with talent management effectiveness.

When asked to identify the practices in which they felt their firms should engage (to a high or very high extent), 83 percent of respondents cited providing *training to managers to enhance talent management capabilities*. Holding *managers accountable for effective talent management* also ranked high, implying that training would be needed to develop the skills required for managers to do a capable job of managing talent. Other top strategies included enhancing the quality of talent management programs, involving employees in developing program content, and applying technology to improve talent management capabilities.

MEASURING TALENT MANAGEMENT SUCCESSFULLY

If a company is going to invest precious resources in developing a talent management program, it follows that the company would want to measure the effectiveness of the program. Yet, just over 12 percent of respondents said that they use talent management metrics to a high or very high extent. At the same time, more than seven out of 10 organizations acknowledged that they should measure talent management to such an extent.

So how are organizations gauging their ability to manage talent? Customer satisfaction ratings topped respondents' lists of measures currently in use, followed by performance appraisal ratings, turnover rates, revenue, training and development effectiveness, and profits. All 14 measurement tools listed in the survey correlated with talent management effectiveness. Given the low proportion of organizations that are actively applying metrics to their talent management initiatives, major opportunities for improvement exist in this area as well.

ADDRESSING UNDERPERFORMING PROGRAMS AND PROCESSES

Companies are beginning to place a greater emphasis on talent management programs, but our data indicates that most companies have not mastered putting structures in place to support the programs. Only 34 percent said that their organizations retain *the talent needed to achieve business goals* to a high or very high extent. Yet, this is also the area where organizations were doing the best job.

This was only one of the shortcomings that respondents admitted on our survey. Just less than 34 percent of respondents also said they *attracted talent effectively*. About 32 percent agreed that they had *processes designed to align talent management and business goals*. Fewer than three in 10 respondents said that, to a high or very high extent, they were *doing succession planning, had policies and processes that support talent management, structured the physical layout of their firms to support talent management, dedicated sufficient funds to support talent initiatives, or had the technological capabilities to support talent management*. But all of these strategies—and particularly the alignment of talent management to business goals—are correlated with more effective talent management.

Our findings suggest that there are various tactics for addressing these shortcomings. For example, companies can engage in earlier outreach to job candidates, improve efforts to maintain contact with organizational “alumni,” and more effectively use relevant metrics such as quality-of-hiring. In fact, the study indicates that almost any activity undertaken in support of talent management is likely to contribute to an organization's overall effectiveness in managing talent. Therefore, there is a wide range of opportunities for organizations to improve their ability to leverage their human capital and to realize the many benefits that accrue from a workforce that is prepared, engaged, and focused on achieving superior business results.

Ultimately, these and other findings tell us that talent management is full of challenges, but it is invaluable for an organization to build an effective talent management program. Successful talent management has the potential to transform an organization. The discoveries and recommendations in our study will make lofty talent management goals more attainable.

| ABOUT THE CONTRIBUTING ORGANIZATIONS |

THE AMERICAN SOCIETY FOR TRAINING & DEVELOPMENT

The American Society for Training & Development (ASTD) is the world's largest association dedicated to workplace learning and performance professionals. ASTD's members come from more than 100 countries and connect locally in 136 U.S. chapters and 25 Global Networks. Members work in thousands of organizations of all sizes, in government, as independent consultants, and suppliers.

ASTD started in 1944 when the organization held its first annual conference. ASTD has widened the profession's focus to link learning and performance to individual and organizational results and is a sought-after voice on critical public policy issues. For more information, visit www.astd.org.

THE INSTITUTE FOR CORPORATE PRODUCTIVITY

The Institute for Corporate Productivity (i4cp) improves corporate productivity through a combination of research, community, tools, and technology focused on the management of human capital. With more than 100 leading organizations as members, including many of the best known companies in the world, i4cp draws upon one of the industry's largest and most experienced research teams and executives-in-residence to produce more than 10,000 pages of rapid, reliable, and respected research annually, surrounding all facets of the management of people in organizations.

Additionally, i4cp identifies and analyzes the upcoming major issues and future trends that are expected to influence workforce productivity and provides member clients with tools and technology to execute leading-edge strategies and "next practices" on these issues and trends. For more information, visit www.i4cp.com.

ASTD RESEARCH

ASTD Research tracks trends, informs decisions, and connects research to practice in the field of workplace learning and performance. ASTD Research conducts a wide variety of ongoing studies on topics of interest to the learning profession. Recently released studies include:

- Annual State of the Industry Report
- Learning's Role in Employee Engagement
- Learning's Role in Globally Dispersed Workforces
- Tapping the Potential of Informal Learning
- Talent Management: Practices and Opportunities
- Executive Development: Strategic and Tactical Approaches
- The State of Sales Training

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