AS ORGANISATIONS ARE BECOMING INCREASINGLY CONCERNED WITH RECRUITING, DEVELOPING AND RETAINING THEIR ‘TALENT’ FOR THE FUTURE, INTEREST IN THE FIELD OF TALENT MANAGEMENT IS GROWING. THIS ARTICLE DRAWS ON A LARGE SCALE RESEARCH PROJECT WHICH INVOLVED CASE STUDIES OF 20 LARGE, COMPLEX ORGANISATIONS AND A SURVEY OF THE MEMBERSHIP OF THE CHARTERED MANAGEMENT INSTITUTE (CMI) IN THE UK. KEY ISSUES THAT AROSE REGARDING THE DEVELOPMENT OF TALENT IN ORGANISATIONS WERE THAT MORE OPPORTUNITIES WERE AVAILABLE THAN WERE BEING TAKEN UP, THE IMPORTANCE OF LINE MANAGERS, AND A RELUCTANCE AMONGST SOME INDIVIDUALS TO GAIN INTERNATIONAL EXPERIENCE - A FACTOR WHICH IS SEEN AS KEY BY MULTINATIONAL ORGANISATIONS.

Developing Talent for Tomorrow

EDDIE BLASS AND KURT APRIL

Due to changing demographic patterns, organisations universally are facing an increase in the number of employees due for retirement and a dwindling number of younger workers available to replace them. Between 40 and 70% of all senior executives will become eligible for retirement in the next five years at most major corporations (Gandossy & Kao, 2004).

This demographic-skills maturity shift is changing the nature of both the negotiation of power and psychological contract between employers and employees, and employees are more able to pick and choose between employers. The highly-educated professional employee is less a malleable resource for the company and more a mobile investor of his/her own intellectual, social and emotional capitals. The labour market is increasingly favouring the talented employee in the employment relationship. Understanding and effectively managing the psychological contract will help organisations thrive, but there needs to be clear agreement on the contributions that the employees make and employers expect. Promises about careers, development and how talent is managed will be more, rather than less, important in the future.

McKinsey reports talent management as a strategic priority for organisations, and yet over half of the line managers are resistant to the process (Gutheridge, Domm, & Lawson, 2006). Similarly, the results of IOMA’s HR critical issues survey for 2006 identified talent management as the top issue for 75% of respondents (Sandler, 2006), suggesting that appreciation of this link with the bottom-line is increasing amongst the HR fraternity. Lex Werner of The Limited, a chain of fashion retail outlets, found that the company’s results improved dramatically when he spent half his time on people rather than half his time on finances (Handfield-Jones, Michaels, & Axelrod, 2001), suggesting that if you manage the right people in the right way, the finances look after themselves. Yet talent management is more than just spending time looking after people.
Finding a clear definition of talent management is difficult. In the conversations we’ve had while carrying out this research, we’ve come across a number of conflicting views and interpretations. Some see it as static, others as organic. Some see it as operational, others as strategic. Some see it as integral to the performance management system, while others see it as distinctly separate. Some see it as applying to everyone, while others see it as segmenting. While the talent management process may differ between organisations, some common understanding of what we mean by talent management is necessary. Hence, we are defining talent management as ‘the additional management, processes and opportunities that are made available to people in the organisation who are considered to be ‘talent’.” (Blass, 2007). This does not mean that one should not be concerned with the more general processes, such as performance management, that are available to everyone in the organisation, but the talent management system is the ‘additional elements’ that are afforded to high potentials/high performers, or however else the organisation chooses to define talent.

The research identified a number of strategic perspectives which shape how the organisation should approach talent management, and 18 dimensions along which talent management systems can be designed. The dimensions split into three areas: defining talent, developing talent, and structures and systems to support talent management. This article focuses on the angle of ‘developing talent’ once it has been identified as actually being in the organisation.

DEVELOPING TALENT

The dimensions that fall into this category concern development practice in itself, and also career development/management processes and practice. It is difficult to separate an individual’s development from their career development when we are referring to talent management, as the development dimensions are there to underpin the individual’s career development, rather than simply developing them for their current job role and performance improvement.

The following five dimensions impact on how talent is developed in the organisation:

1: Development Path – How are people developed once they have been identified as talent?
2: Development Focus – Where does the focus of the organisation’s development activities lie?
3: Support – How much specific support is provided to the talent pool within the organisation?
4: Influence on Career – Who, and what, have the most influence on an individual’s career?
5: Connected Conversations – How many people can an individual discuss their career options with?

Dimension 1: Development Path

This dimension is concerned with how people are developed once they have been identified as talent. The extremes of the dimension are by an accelerated path whereby they receive the same development that anyone else would receive, but at an accelerated rate (standardization), through to a completely differentiated, bespoke route that is designed specifically to meet that individuals needs (customization).
Various authors support the view of bespoke talent development plans. For example, Krewson (2004) suggests that skills grow through many kinds of experiences and hence there is a need to string together meaningful experiences to build character and skill, and retain talent. Barlow (2006) also notes that as people have different backgrounds and different skills, they need to have personalised development plans in what she refers to as succession development (the development of pools of potential people for succession planning).

There is a need to string together meaningful experiences to build character and skill, and retain talent.

The survey results suggest that organisations are tending to offer more development opportunities in certain areas than others when it comes to developing their high potentials. Table 1 shows the percentage of respondents who have access to development opportunities in different fields.

This dimension may not at first sight seem important to some organisations, as they may offer a mix and match of both. However, care does need to be taken with accelerated development paths, as an unintended consequence could be non-congruent emotional development. Additionally, an unintended consequence could be the arrested moral development of the developing talented individuals. Glover et al (1997) found that the amount of work experience an individual had, correlated with levels of ethical behaviour, such that the more experienced an individual is, the more ethical their behaviour is likely to be. Ford and Richardson (1994) found that seniority within the company hierarchy seems to lower the levels of ethical decision-making, such that the more senior within the organisation a person becomes, the less ethical their decisions become. Taking these two findings in parallel suggests that some talent management ideas might actually lead to the development of less ethical leaders in the future. If an organisation has an accelerated talent management system which results in people being fast-tracked through the ranks of promotions, they could actually be raising their seniority levels while reducing the amount of experience they have at each level, and thus contributing to a downward trend in ethical considerations and decision-making. This would not provide a sound underpinning for the future of the organisation.

In terms of the types of development activities available in organisations, the survey listed a range of opportunities suggested as positive initiatives for developing talent in the literature, and asked respondents firstly if those opportunities are available in their organisations, and secondly if they had ever taken them up personally. The results are shown in table 2.
Promotions, project work, management training schemes and other management qualifications were the opportunities most available in organisations. They were also those that had been undertaken the most. Secondments, transfers and shadowing opportunities were those with the biggest differences between being available and being undertaken. This could reflect a silo mentality in many organisations, not just with line managers, but within individuals themselves, being reluctant to move around the organisation - a pattern which is replicated less in multinational organisations where it is common for high potentials to take secondments overseas, transfer between departments, and gain wider experience outside their current business unit. Indeed, not doing so is seen as a career limiter.

Dimension 2: Development Focus
Here the issue is: where does the focus of the organisation’s development activities lie? The extremes are on strengths, or on weaknesses. Digeorgio (2004) proposes that great managers focus on strengths and work around weaknesses, while most managers focus on talking about weaknesses - also called ‘areas of/for development’. Hence 80% of people are unable to identify their strengths. Once they do identify their strengths, they want to use them more. Then they form partnerships with people whose strengths are their weaknesses - that way they get teamwork rather than competition. ‘Weakness fixing’, Digeorgio claims, prevents failure, while focusing on strengths leads to world class success. Handfield-Jones et al (2001) suggest that if senior leaders do
not share a common idea about what constitutes superior performance, then nobody in the organisation will be developed to achieve it. Hence the focus of development needs to be defined in some form, or other, along this dimension. Morton et al (2005) recognise negative talent cultures as including those where the focus of development is overly weighted on weaknesses and areas of poorer performance, rather than building on areas of success and strength.

There does seem to be a link here between this dimension in particular, and succession planning. By focussing on individual’s strengths or weaknesses, the organisation must have some idea of what they are preparing the individual for in terms of future roles and responsibilities. While it is questionable whether succession planning is a subset of talent management, or whether the latter is an evolution of the former (Heinen & O’Neill, 2004), succession planning activity itself should be clearly linked to the organisation’s strategy. Cohn, Khurana & Reeves (2005) showed that, over their 3 years of research on organisations, an organisation can align its development processes and succession planning with its strategic priorities. Also, if an organisation knows where it is going and has planned how to get there, through linking HR and talent management processes with business results (Farley, 2005), it can also build an attractive identity - and employees will perceive that leadership development processes are what they are declared to be. Once the organisation knows where it is heading, it can start to plan individuals’ careers, and decide how much ‘risk’ it wants to tolerate in not addressing weaknesses. Such coherence, identity and authenticity of effort, additionally, make it easier for the organisation to attract the future leaders it needs.

It is interesting to note the survey results graph with regard to what development activities individuals feel contribute to talent development, especially those for ‘international experience’ and ‘changing jobs every two years’ (which were generally seen as less important than other factors). In large multinational organisations, these two factors are key to talent development. Indeed, in some organisations an individual cannot progress beyond a certain level without international experience. These results may be reflective of the largely UK-based sample, but it suggests a lack of engagement with the concept of globalisation amongst the management population in the UK in terms of their own development.

With regard to changing jobs every 2 years, only 34% of the sample agreed that there were opportunities to move around jobs within their organisation, and hence this result may be reflective of that fact. Again this is something which may need to be addressed by many organisations, as moving people around jobs within the organisation is a key means of gaining rich experience (including those outside an employee’s core discipline), establishing networks for future success, developing resilience and personal comfortableness with uncertainty, re-use of political acumen and re-establishment within power structures, breaking down silo organisational mentalities and developing talent throughout the organisation.

Internal networking, having the right coach/mentors, identifying and then being explicit about your career plans are the four that are considered the most important by the survey respondents. Taking on larger teams is seen as less important than some of the other factors, suggesting that being able to manage larger groups is not seen as a development priority for people.

Dimension 3: Support
This dimension is concerned with how much support is provided to the talent pool within the organisation. The extremes are organisations that take a highly paternal approach and nurture talent in new positions, to those who throw their talent into stretch jobs and leave them to sink or swim.
Counter-intuitively, competitive cultures can sometimes be the most supportive, as each person’s success can be unbalanced by someone else’s failure, so a peculiar culture emerges where people are competing against each other to be best, but equally don’t mean for anyone else to fail.

Grant Thornton’s accounting firm was one of the case study organisations that managed to achieve a supportive talent culture while remaining competitive. Teamwork is important for getting the job done, however, personal ambition is also important if an individual wants to progress. Most offices have a supportive environment, where anyone up against deadlines or with particular issues is likely to get help. Similarly, anyone willing to seek a mentor or perhaps a second-ment, or similar, is likely to be supported in their endeavours, as drive for personal development is valued. Offices are also very social, with the expectation that social events would be organised and funded internally. Great importance is attached to meeting socially, as well as in the office. There is an ethos of ‘work hard, play hard’. The ability to network is a very important aspect of progressing in the organisation, and is facilitated (the ‘glue’) by the social environment. Two sorts of people succeed at Grant Thornton: those who are very ambitious, and promote themselves well, and are good enough at the job; and those who are so good (and often intellectually very bright) that they are noticed and valued. However, some drive and ambition is essential, even amongst the second group.

Table 3: Developmental opportunities that lead to talent development

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Not very important</th>
<th>Not at all important</th>
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<tbody>
<tr>
<td>1</td>
<td>Visibility</td>
<td></td>
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<td>2</td>
<td>Having the coach/mentor</td>
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<td>3</td>
<td>Having the right training course</td>
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<td>4</td>
<td>Internal networking</td>
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<tr>
<td>5</td>
<td>External networking</td>
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<tr>
<td>6</td>
<td>Qualifications</td>
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<tr>
<td>7</td>
<td>Working in different sectors</td>
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<tr>
<td>8</td>
<td>International experience</td>
<td></td>
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<tr>
<td>9</td>
<td>Changing jobs every two years</td>
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<tr>
<td>10</td>
<td>Developing specialist expertise</td>
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<td>11</td>
<td>Taking on larger teams</td>
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<tr>
<td>12</td>
<td>Volunteering for stretch projects</td>
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<tr>
<td>13</td>
<td>Identifying a career plan</td>
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<tr>
<td>14</td>
<td>Being explicit about your career plan/aspirations</td>
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Support can also prevent those identified as talent from feeling alienated from others in the organisation. Mentoring and coaching can also be key here, and indeed are key themes emerging in the literature. Pollitt (2005) suggests that leaders rate mentoring and one-to-one coaching of potential talents in the organisation as one of the best methods of nurturing and developing them into the future leaders of the organisation. Scheck McAlearney (2005) finds that mentoring plays an important role in career development by providing both professional guidance and psycho-social support. This can be particularly important for high potentials as they can feel they are under constant scrutiny to perform, and need support in dealing with the pressure.

The survey asked respondents whether or not they felt their organisations were committed to nurturing their employees. The answers are shown in Table 4. Looking into the results in more detail, it becomes clear that those working for charities feel that nurturing occurs across the board, those working in the public sector feel it occurs in a more ad hoc fashion, Directors feel it is all employees while lower levels don’t have this same appreciation, and part-timers feel it is more ad hoc. The result for the Directors is perhaps the most interesting, as they are largely responsible for setting the agenda. Clearly they feel they are setting one agenda, but the reality throughout the organisation is that it is not being appreciated or understood correctly.

**Dimension 4: Influence on Career**

Here the key question is who or what has the most influence on an individual’s career? At one extreme it is the individual, while at the other it is the organisation. The question of who becomes responsible for managing and developing an individual’s career underlies much of the talent management debate. The Gratton & Ghoshal (2003) idea of the ‘volunteer’ employee puts the emphasis firmly on the employee. It is their career and they will choose where to invest their time to develop it. Alternatively, the talent management approach wants individuals to stay within the organisation and be developed for critical roles in the future. In this model the organisation wants to take responsibility for ensuring that the individual is developed.
and ready for the career move, and they want to guide the career path of the individual in the direction that they need. There is a fine balance that needs to be achieved. In order to perform, the organisation has become dependent on the talents the individual possesses giving the individual the balance of power in the employment relationship. At the same time, the individual needs the organisation as a work community in order to develop and use their talents, shifting the power back to the employer. Hence the relationship needs to be shaped on reciprocal terms (Schoemaker & Jonker, 2004).

Certain industry sectors are particularly vulnerable at present, including the finance sector, IT and pharmaceuticals. Winkler (2007) stresses the importance of career management and development opportunities as retention strategies in the finance sector, a view shared by Paul Hart of Microsoft who claims that professional training and career prospects are the most important influences on retention amongst their finance staff (Suff, 2005). In these industries, the professionals are the masters of their own careers, so the organisation is seeking to get some buy-in influence by offering a career rather than simply a professional role.

At M&G Investment bank, for example, the talent process is not elitist, but they do identify key people who are chosen from a combination of self-selection, testing/psychometrics (e.g. fund management capability), experience and role-model feedback. Understanding people’s key motivations is critical and the investment business will often create opportunities to fit people. As a result, career discussions appear to be exceedingly important to talented individuals.

The survey asked respondents if they thought their organisations considered them to be talent or high potential. 46% said their organisations did consider them to be talent, 25% said they were not considered talent, and 26% did not know. The 46% are likely to be in quite a good position at their work. Everyone’s ideas about them and their career are in alignment. The 25% who are not thought talent may be disappointed, disengaging and looking for jobs elsewhere. This may not upset the organisation as their expectations are not in alignment and the individuals may be more successful elsewhere. The 26% who don’t know are caught in this transparency loop of knowing that their organisations have made judgements on people, but not knowing what the judgement is on them. How long they remain engaged may depend on how well their managers lead them into thinking that judgements about them are positive without actually confirming this one way or the other.

**Dimension 5: Connected Conversations**

This dimension is concerned with the number of people that the individual can involve themselves with when making decisions about their own career development and progression. The extremes are their line manager only, through to a much wider group of people. Career discussions appear to be exceedingly important to talented individuals.

The 2005 What’s Working Survey conducted by Mercer Human Resource Consulting found that 50% of employees who thought that their organisations could not meet their long term career objectives were thinking of leaving, while this number more than halved for employees who felt that their organisations could. Hence it is important for indivi-
duals to have the opportunity to have a broad range of career discussions across the organisation in order to make some judgement about whether there really are the opportunities for them in their organisation or not. Similarly, being given good opportunities for continuous learning reduced the number thinking of leaving from 57% to 32% (Mercer HR, 2005). However, it does not all seem to be about opportunities. A Gallup study of 80,000 managers concluded that the greatest drivers of employee engagement and retention are intangible, mostly related to the way a manager treats their employees (Branham, 2005). Hence the conversation with the immediate line manager is important also.

**CONCLUSIONS**

While organisations should consider the five dimensions outlined above, and summarised below, when considering their HRD options regarding talent management policies and principles, there is no single right or wrong way in which to develop talent in an organisation. This said, the accelerated path seems to have more problems associated with it than a more bespoke route, if only because it becomes highly visible to everyone else who is on this path which makes it harder for them to step off the treadmill if they reach their peak or want to slow down their career, and can cause resentment amongst peers, as well as the potential for a lack of moral development as outlined above. In addition, the label of talent can become relatively permanent and individuals can become arrogant, with raised expectations, and people can move to a new job before the impact of their actions in their previous job are felt. Hence while there is an imperative to develop talent in order to keep it within the organisation, there are also risks that need to be taken into account when approaching talent management. Creating development opportunities that allow internal mobility can be a critical success factor for some organisations, allowing individuals to have more than one career without needing to change their employer.

**Female executives are leaving at twice the rate of men because of their frustration with the work environment.**

In Fortune 500 organisations, female executives are leaving at twice the rate of men because of their frustration with the work environment (Dickinson Shephard & Betof, 2004), resulting in 77% of new businesses in the USA being opened by women. Changes employers could have made to keep these women in their employment were inclusion, a more flexible environment, feedback and career planning. In short, they felt underutilised. These results are nonsensical - talented people leaving their jobs, because they are not being allowed to do as much as they would like to do for their organisations! Employees are more likely to stay if they have a good relationship and open communication with their immediate boss. Hence front line leaders should develop their retention skills, which include coaching and talking to their teams about their future (Frank & Taylor, 2004).

A careers research report carried out by the Chartered Institute of Personnel and Development found that 87% of organisations try to fill their senior positions with internal candidates, but over half of employees reported that their line managers did not engage in their career management. With this in mind, it is not surprising that 95% of the respondents felt that individuals would become more responsible for their careers in the future (CIPD, 2003).
tems as a means of promoting internal mobility can be a key factor for some organisations in their retention of talent, as it allows talented individuals to face continual challenge, prevents boredom, broadens horizons and experiences but equally prevents people from progressing vertically up the hierarchy too quickly.

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**Table 5: Dimensions of Talent Management policies**

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<thead>
<tr>
<th>1. Development Path</th>
<th>Standardized</th>
<th>Customized</th>
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<tbody>
<tr>
<td>2. Development Focus</td>
<td>Strengths</td>
<td>Weaknesses</td>
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<tr>
<td>3. Support</td>
<td>Paternal</td>
<td>Sink or swim</td>
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<tr>
<td>4. Influence on Career</td>
<td>Individual</td>
<td>Organization</td>
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<tr>
<td>5. Connected Conversations</td>
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<td>Network</td>
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