TALENT MANAGEMENT AS A STRATEGIC IMPERATIVE IN GENERATING SUSTAINABLE SHAREHOLDER VALUE

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Talent Management as a Strategic imperative in generating sustainable shareholder value

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A dissertation submitted in partial fulfilment of the requirements for the degree of

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Contents

Abstract

Talent Management is taking centre stage globally and becoming more critical than ever before. There is a growing consensus among researchers and scholars in the Human Resource discipline, that people are a difference between a successful and a failing organisation. The aim of this study is to explore deeply into the current people management processes at Engen and thereafter a fully integrated Human Capital Management process.

Talent Management is therefore defined as an integrated process that attracts, engages, develops, rewards and retains superior talent. In this age of war for talent it is imperative that Engen develops a deliberate and focused programme and a process to access good quality employees.

Value in any organisation is created by exceptionally talented people. Leadership has the responsibility to harness and build capacity to create a pipeline of able leaders for the future.

Talent Management is a tool that creates a conducive environment for people to thrive and hereby providing an organisation its competitive edge.

Talent is therefore a combination of potential, engagement, performance and opportunity.

A probability sample was drawn across the organisation which comprised management and general staff, male and female and Bargaining and non-Bargaining unit members. Their general consensus was that a Talent Management process will help in addressing key strategic issues such as development and affirmative action and will break secrecy and promote open engagement and transparency.
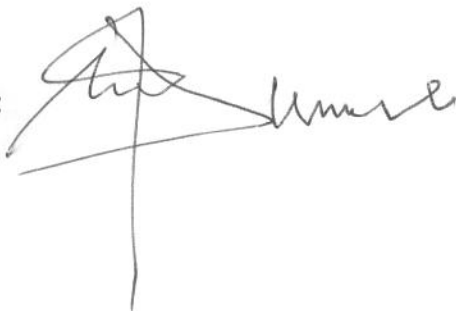
The recommendation is that the programme be implemented company wide to realize maximum benefit.

DECLARATION

I, Adonijah Lungile Dumse declare that:

(i) The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.

(ii) This dissertation/thesis has not been submitted for any degree or examination at any other university.

(iii) This dissertation/thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.

(iv) This dissertation/thesis does not contain other persons' writings, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:

    a. Their words have been re-written but the general information attributed to them has been referenced:

    b. Where their exact words have been used, their writing has been placed inside quotation marks, and referenced.

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Chapter 1

Overview of the study

1.1   Introduction

It is no longer enough just to recruit good people; they must be engaged, developed and rewarded appropriately. Retention of good people will be determined by the company's ability to attract, engage, develop and retain (McGarrity, 2007: 1-2).

In the 1990s, LBA Consulting Group undertook a major study that focused on identifying the factors that most contributed to the creation and sustenance of organisational excellence. The study examined organisations that had survived and prospered, and those that had failed, over a 25-year period. The results of the study suggested that six human resources conditions had to be met. These conditions were: a performance-oriented culture, low turnover (particularly in premium employee groups), high levels of employee satisfaction, a cadre of qualified replacements, effective investment in employee compensation and development, and the use of institutional competencies (success factors) in employee selection and performance evaluation processes. The successful organisations focused on proactively and systematically managing their human resources along these lines. The organisations that failed took a more casual, traditional approach.

The conclusions based on this research were simple: to optimize an organisation's ability to achieve sustained excellence, it must recognize the need for proactive talent management and have a systematic way of accomplishing the activity (Berger & Berger, 2004: 3).

The concept of talent management has evolved into a common and essential management practice and what was once solely attached to recruitment now covers a multitude of areas including organisational capability, individual development, performance enhancement and succession planning (CIPD, 2009: 2).

A change in business environment, general work trend and the mobility of human capital as a result of globalization has created a significant challenge for managing human capital.

Whether a small accounting firm or a large consulting organisation there are certain processes that need to be applied for effective talent management. However, research has shown consistently that the most important factor that influences a person's decision to stay or leave an organisation is the relationship with their boss. Other key factors are opportunities for personal growth and career development, the culture of the organisation in terms of facilitating innovation and the nature of the work itself (Meyer, 2005: 2-12).

1.2 What is talent management?

Talent management is defined differently by different scholars and researchers. Stockely (2009) defines talent management as a conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs. Talent management involves individual and organisational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organisational culture.

Cappelli (2008) defines talent management as the process through which employers anticipate and meet their needs for human capital. Getting the right people, with the right skills, into the right jobs.

Talent management as the systematic attraction, identification, development, engagement/retention and deployment of those individuals who are of particular value to an

organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles (Talent management…2011).

Talent management as a process of integrating and developing new workers, developing and retaining current workers and attracting highly skilled workers to work for your company (Talent management: Wikipedia…2011).

The human capital management of the entire employee lifecycle. Companies that are engaged in talent management are strategic and deliberate in how they source, attract, select, train, develop, promote, and move employees through the organisation. This term also incorporates how companies drive performance and the individual level (performance management) (Talent management: definition… 2011).

The definition of talent management will differ from company to company. In some organisations talent is the full compliment of the establishment of the workforce. Whereas other organisations will only consider top management to their talent. Finally, a select group of companies will look at the top talent. The talent management process will therefore be driven by the prevailing philosophy of an organisation.

The talent management process is influenced by both internal and external factors; these factors will be industry specific and sometimes general and even outside of the industry. Factors that influence this process can be controllable and often uncontrollable.

From the definitions above we can conclude that talent management is a process that integrates all aspects of the human resource value chain and the full cycle on an individual in an organisation, eg attraction on the basis of a value proposition, engage – values and culture;

reward – financial and non-financial; Retention-this process is available to both new and existing employees.

1.3   Background

The world is changing at an unprecedented pace; South Africa has not been spared from the effects of this change and the South African change was not happening in isolation but simultaneously within a bigger and profound changes such as the end of the Cold War between the East and the West, the fall of the Berlin Wall and the end of the Soviet Union. The speed of change is further compounded by the political transformation which has been in progress since 1994. Globalisation is taking effect right around us. The new world order forces Corporations, institutions and nations to adapt or die. The option of death is not a palatable one, to that extent companies strive to seek opportunities that will ensure their success.

The change is happening in all fronts, social, technological and the legal frameworks of different countries. Businesses have to demonstrate agility, flexibility and greater adaptation abilities. There are new products that are making it into the markets; there are initiatives to advance qualities of some of the known products. The standard of living is generally improving, technology in the form of mobile phones and products such as lubricants are improving. The Original Equipment Manufacturers (OEM) are producing products of higher specifications.

Leading first world nations are looking at the protection of the environment, this vigilance is translating into the production of new and improved products that are environmentally friendly, e.g. reduction of Sulphur content from diesel (500ppm to 50ppm). The basis of such developments is the desire by the Original Equipment Manufacturers (OEM's to bring in more efficiencies while at the same time protecting the environment.

As alluded to earlier, these changes are wholesale affecting every sector of the economy. South Africa is confronted by these challenges while at the same time facing the challenges of having to develop the basic infrastructure to facilitate economic growth. Countries compete on accessibility of markets through infrastructure such as roads, telecommunication systems and the provision of services and utilities such as electricity.

All the key resources in any country are in high demand including labour. South Africa has a limited pool of skilled labour; this is as a direct consequence of the divisive laws of the apartheid regime which excluded the indigenous people of South Africa from accessing quality education.

The key to business success rests with the quality of its talent – an organisation's people, from its current and future leaders to its frontline employees. But today, talent is harder to find, nurture, and easier to waste and lose. Every organisation must cope with a world of change and contrast including:

- a global abundance of talent but local scarcity;

- fewer young workers and more older workers;

- rising demand for new skills and growing deficits in basic skills;

- new work arrangements career expectations;

- More diverse and distributed workforce; and

- Shifts in the nature of work.

2. History of Engen

Engen has a long and rich history as will be seen in this chapter. Over the years the ownership has changed a great deal with the result that even management had to also go through similar changes. These changes were influenced in the main by business requirements and to a lesser

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extent by the political environment. During these changes two things remained, the high performance culture and resilience by the people employed. This high performance culture was sustained not through any conscious efforts however it was just by default, because of the inherent resilience of the workforce. An integrated Talent Management programme will ensure that these strengths are harmonised and built into a bigger and deliberate process that identifies required competencies and any other requirements that would nurture and improve on the present base. Talent Management will therefore help Engen in realising all the business objectives thereby delivering the required financial results.

Established in 1897, Engen was the first oil company in South Africa. Vacuum Oil backed by J.D. Rockefeller's Standard Oil Company opened a branch in Cape Town to service the Southern African markets in 1897. As a result of the international merger of Standard Oil Company of New York and the Vacuum Oil Company in 1931, Socony-Vacuum Corporation was established.

In 1954, Stanvac, a refinery of the joint venture was built in Durban. This was the very first refinery in South Africa. This company proceeded to change its name in 1955 to Socony-Mobil. As a result of the dissolution of the merger, the assets of the joint venture were shared between the two companies (Socony-Mobil Oil and Standard Oil New Jersey). In 1962, Stanvac Refinery was renamed the Mobil Refinery as a result of the operations assets being moved to Mobil.

Due to the prevailing social system of apartheid at that time, the holding company in America found it increasingly difficult to ignore the pressures of the anti-apartheid movement world-wide and started taking steps towards disinvestment. In 1986, the US government passed the Anti-Apartheid Act with Mobil and Caltex identified as the largest investors in South Africa. As a result of this decision, extreme pressure was put on all American companies that had invested in South Africa to withdraw. The message was clear to the oil companies that it was time to get out from the South African market. As a result of sustained calls for disinvestment against foreign companies, Mobil finally succumbed and in 1989, it announced its departure from South Africa.

Gencor, the South African mining giant bought the Mobil assets in 1989 and the condition of the sale was that the name had to change within five years from date of sale. In 1993, in line with the conditions of sale, the Mobil name gave way to Engen in one of the most successful rebranding exercise ever undertaken in South Africa. The new Engen image represented its South African ownership.

The oil division of Gencor was a combination of three oil companies, namely, Mobil, Sonap Oil and Trek Petroleum and all three organisations formed what is today known as Engen. In 1993, Gencor unbundled its oil division and listed Engen in the Johannesburg Stock Exchange and effectively Engen became a publicly owned company. The merged company was forced into a major internal restructuring to rationalise positions and eliminate duplication which arose as a result of merging the three companies. This exercise was codenamed "Discovery".

In 1994, the political and social environment had changed; the first democratically elected government was put in place. As a result of this change, South Africa was accepted in the international League of Nations and all sanctions were lifted and it became independent.

In 1996, with the lifting of sanctions and the shedding of pariah status, the Malaysian company, Petronaliam Nasional Berhad (PETRONAS) bought a 30% stake in Engen. This action gave the much desired support of a multinational parent company.

In 1998, PETRONAS bought the remaining 70% of Engen and Engen became a 100% subsidiary of PETRONAS. In line with the changes and transformation in the political and social system, PETRONAS sold 20% of its equity to Worldwide African Investments Holdings (WAIH) as its Black Economic Empowerment partner (Engen: A History of Success: 5).

"Engen has a longer and richer history than most companies in South Africa. However, Engen's story is much more than just an evolution of an organisation within the wider context of the evolution of the oil industry. I believe that it is through the passion and the energy of our people that Engen is where it is today" (Tunku Mahmood Fawzy bin Tunku Muhiyiddin, Engen CEO: 2004-2006).

Engen rode the crest through all the changes mentioned above and has managed to stay focussed and become a successful and leading oil company in South Africa. The above changes have created a workforce that is change-ready, that accepts and adapts to change without loss of focus.

The Engen people are undoubtedly resilient, creative and are supported by a strong culture underpinned by the following values:

- Integrity;

- Performance;

- Ownership;

- Empowerment; and

- Teamwork.

The developments and the changes that have happened in the world in the last decade have to a great extent influenced the ownership changes that have occurred at Engen. The rich and long history is a further demonstration of the quality and the capacity that Engen enjoys in its labour force. Whereas, these employees especially the old (baby boomers) are gradually exiting the workplace, there is currently no structured way of ensuring that knowledge is captured for the future benefit of Engen. Talent Management will provide a vehicle for the transfer of the skills and the knowledge.

3.   Motivation

After the Competitions Tribunal's decision to decline a proposed merger between Engen and Sasol Oil in 2006, and as the result of increasing competition arising out of new competitors entering the market place and the stagnating market; the Engen leadership had to review the company direction and had to recommit to a strong growth programme to ensure sustainability, growth and positive returns for the shareholders.

A new vision was created, the "EPIC 2016 Journey".   Because of the matured market in South Africa which offers limited opportunities for growth, it has become necessary for Engen to look beyond the South African market into the rest of the Sub Saharan Africa for growth opportunities.   The EPIC 2016 journey embodies the vision for Engen to be "A Champion in Africa" by 2016.

To be a Champion in Africa, Engen has to retain its market leader position in South Africa and to be number one or two in any other market where they choose to operate in the Sub Saharan Africa. This will be measured through market shares and profitability. For Engen to be able to support its vision and business strategy, it would require a strong people strategy that will be integrated with its business strategy.

People are the source of competitive advantage in the global market today. No matter your industry, company, or nationality, there is a competitor somewhere who is busy thinking how to beat you. Products can be quickly duplicated and services cheaply emulated – but innovation, execution and knowledge cannot. The collective talent of an organisation is its prime source of its ability to effectively compete and win. In the new economy, competition is global, capital is abundance, products are developed quickly and cheaply and people are willing to change jobs often.   In this kind of environment, smart, committed, experienced people who are technologically literate, globally astute, and operationally agile are the new competitive advantage. And even as the demand for this talent goes up, the supply of it will be going down.

As a result, an unprecedented shift is occurring. Organisations are increasingly recognising the need to radically change the role of their Human Resource function (Knowledge Infusion White Paper, 2006: 3).

Companies are constrained not by the world around them, but by their own ambitions and capabilities. No space will be unoccupied for long, so positioning is not a sustainable strategy. Innovation, speed and aggression matter most. Resources should be built which can be leveraged over time to create new advantages (Manning, 2000: 4).

Talent is quickly moving to the top of every leader's strategic agenda, but few organisations are managing talent strategically. Too many rely on outmoded views of talent and fragmented talent management systems, processes and practices.

Talent is created by institutions of learning through a sound and up to date education system. The legacy of our past has robbed the country of these resources. Global mobility of labour especially skilled labour has further drained the limited pool of resources. This phenomenon reduces supply and creates an unhealthy imbalance between supply and demand resulting in an increase in the cost of labour.

Organisations that will ride this tide are learning organisations whose capability of adapting will be higher than ordinary middle of the road companies. It is difficult to imagine any other country that is faced with such great demands on its skilled work force. Local corporations are expanding their operations into the continent e.g. MTN, Game, Shoprite and Engen. This is happening in the background of a strong drive to prepare the country for the 2010 Soccer World Cup and other competing projects such as the Gautrain.

As pressures related to international and local competition intensify, South African companies will be obliged to make rapid organisational and cultural changes, and these can only be effected through the agency of people. Unless these people are in the right place, at the right time with the appropriate skills and the right attitude, the necessary changes will not come about. The key to the desired results is effective human resource management (Carrell *et al,* 1996:4).

Successful companies articulate or places emphasis on the following three outcomes;

- The identification, selection, development, and retention of critical talent. These are very small group of employees, who have demonstrated superior accomplishments, and who embody the core competencies and values of the organisation. Their loss or absence severely retards organisation growth because of their disproportionately powerful impact on current and future organisation performance. Bill Gates once said "take our twenty best people away from us and I can tell you that Microsoft would be an unimportant company" (Berger and Berger, 2004: 4).

- The identification and development of high-quality replacements for a small number of positions designated as key to current and future organisation success. Gaps in replacement activity for key positions are highly disruptive, costly and distracting to the organisation.

- The classification of and investment in each employee based on his/her actual and/ or potential for adding value to the organisation. The employee groups are critical, those employees who greatly exceed organisation expectations; Core, those employees who exceed organisation expectations; Solid Citizens, those employees who meet organisation expectations; and the Poor performers, are those employees who are below organisation expectations. Poor allocation of compensation and training and development resources can lead to unwanted turnover and morale and performance problems, particularly in Critical and Core groups (Berger and Berger, 2004: 4).

4. Problem statement

The strategic intent of Engen is clear, known and understood by most employees. This however, is not supported by a comprehensive, integrated people programme to enable the effective delivery.

Currently, there is no fully integrated talent management framework or programme that is universally acceptable and practiced and known by both management and employees. This talent management process is unstructured, the interpretation is not common and not consistently applied across the business. There is no inventory of talent pools against critical measurement standards or valued competencies.

The current environment fails to fully comprehend the following risks:

(i) Vacancy risks

There is no prioritisation of hard-to-fill positions or scarce skills sets. Whereas, turnover numbers are tracked, no real action of prevention is done.

(ii) Readiness risks

There is limited and in some cases no understanding of successor experience or skill levels. Limited view into development pipeline.

(iii) Portfolio risks

Does not account for changing business needs, too reactive. Does not incorporate organisation-wide goals (e.g. diversity, specialised skills). Assumes current structure and definitions of responsibility.

(iv) Transition risks

No benchmarking against the external labour market. No succession criteria focused on compatibility or leadership ability.

This study will assist Engen in developing an integrated talent management framework and approach that would support Engen's strategic intent by ensuring that the right people are placed in the right positions at the right time. This indeed supports the fact that the collective talent of an organisation is its prime source of its ability to effectively compete and win.

This study will ensure that Talent at Engen is managed strategically.

5.   Aims and objectives of the study

The aim of this study is to provide Engen with an integrated framework on managing the human capital. The primary objective of this study is to examine and analyse the current challenges in the management of talent within Engen and to provide an integrated talent management framework.

In this context, the main objectives of the study could be stated as follows:

- To suggest a solution for the development of a comprehensive and fully integrated talent management framework for human capital at Engen;

- To identify required skills in the achievement of Engen's 2016 Vision by the respective areas of the business;

- To assist Engen to be able to build a pool of appropriate and critical skills at appropriate time; and

- To build a strong Employee Value Proposition (EVP) for Engen in order to attract top talent to achieve high performance above industry norm.

6.   Value of the study

The key value for the study to Engen is to ensure leadership alignment on the definition of key critical and/or core skills. The study will help build a common understanding of future skills requirements, existing skills gaps, the bench strength internally and/or externally, definition of those employees who are high potential and can influence business outcomes in the future, and improve line management vigilance and knowledge about human capital-related matters.

The study will raise the importance of the integrated talent management at all levels of Management in line with the achievement of Engen's business strategy. This will eliminate the operational silos of line managers working in divisions. Again, this would result in business leaders understanding the strategic imperative of managing its top talent to remain competitive in this global economic environment. The study would enable Engen to build tools that will enable the organisation to asses the return on investment of human capital.

In addition, the study would change the role of the Human Capital from that of being a transactional and administrative to that of being a strategic partner and a change agent with the business. This is the new age of "Human Capital".

7.   Research question

Talent management as a strategic <u>imperative</u> for the delivery of sustainable value.

To what extent will talent management as a strategic imperative generate sustainable shareholder value?

8.   Structure of the research

This study would be covered in five chapters as indicated below:

Chapter one: Introduction

This chapter provides an introduction.

Chapter two: Literature Review

This chapter will concentrate on the review of literature.

Chapter 3: Research Methodology: A case study of Engen Petroleum

This chapter provides a discussion on the methodology to be utilized in conducting the study. Engen Petroleum would be used a case study in the Talent Management Strategy.

Chapter 4: Data Analysis, Evaluation and Findings

Data analysis and evaluation of the information collated in Chapter three and findings accordingly made.

Chapter 5: Discussion of results

Findings as made in Chapter four would be discussed in this chapter.

Chapter 6: Recommendations and Conclusion

Findings as made in Chapter five would be examined, recommendations suggested and a conclusion made.

9.   Limitations of the study

Talent Management in South Africa is a new phenomenon and there is no documented evidence of success. As a result of this, the market knowledge is limited. Secondly, this research would focus on Engen and therefore generalization of results of same cannot be made for other companies. Thirdly, the possibility of deregulation of the market may result in the requirement of new set of skills.

10.   Summary

As indicated in this chapter, the dissertation shall focus on management of talent at Engen which is a key strategic imperative for differentiation in the delivery of sustainable value to the shareholders. The next chapters will follow the structure as per the structure of the study.

Chapter 2

Literature review

2.1   Introduction

All spheres of life are driven by people with different capabilities, it is however true that differentiation will be brought about by those more capable than others; this talks to talent. Business is no exception to this fundamental rule of life.

"No matter where you find yourself, talent matters" (The Journal of the Human Resources Planning Society, 2009: 36). "But Russell Reynolds Associates (2008: 2), argues that as any coach will affirm, you do not need star players in every position to build a winning team, but you do need them in key roles."

In business, due to the current emphasis on intangible assets such as brand names, innovation, creativity and entrepreneurship, more than previously, the arenas of today cater to companies that can harvest the potential of their key resources (Schweyer, 2004). This is what makes a company, regardless of industry, to be defined as "good", beyond these, are companies that become "great". These companies first ask who, then what, and only when the right people are in the right positions the companies can take steps forward towards achieving beyond their competitors (Collins, 2001). Other research takes it one step further and argues that to be really successful it is not only to find the right people on the right position but you should identify the superior performers for every position (Hoogheimstra, 1992). In fact research suggests that not even the vision and strategy of a company are as important as the people that eventually will drive the company into the future (Collins, 2001) (Brandt, & Kull, May 2007: 1).

Much has been written about human resources being a function in constant evolution. But at no time as in the 21st Century has the people factor in organisations been so key to organisational survival. It is becoming ever more apparent that the quality of performance of people in organisations matters. There is a resurgence of interest in the area of people management skills and in the key role that human resources as a function can play in a company (Boninelli & Meyer, 2004: 2).

According to Berger & Berger (2004: 3), to optimize an organisation's ability to achieve sustained excellence, it must recognize the need for proactive talent management and also have a systematic way of accomplishing the activity.

Over a decade ago, Human Resources (HR) experts warned of this looming war for talent, which, leaders of most businesses in search of tomorrow's leaders, particularly in third world countries may concur as it is currently uncommon to fill certain specialised positions in most organisations. Its effects are actually felt most profoundly by midsized businesses working on grooming the next generation of leaders. Business leaders that fail to make talent management (the acquisition, growth and retention of top talent) a strategic imperative now could find themselves and their businesses casualties of an increasingly competitive and global business environment.

Talent management and planning should be closely aligned to every business' strategic plan. It should also consider the broadest range of potential of all employees within the business, and not just senior executives. Moreover, senior managers at all levels should be held accountable for the development of talent within their workgroups, with senior leaders actively participating in the process (McGarrity, 2007: 1-2).

Manpower planning is the most strategic of all human resource management functions. Planning defines the sources, number and types of manpower needed to meet future work requirements. Predetermined strategies to attract and retain the best people are also laid down. Strategic development and utilisation of employees' capabilities, which yield best benefits to the company, are designed into the plan (The national human resources handbook, 2000).

This "whole company" approach to talent management is quite different from the traditional approach, which typically focuses on a linear talent procurement process (acquire, deploy and retain). This traditional process is highly reactive and absent of any form of actual workforce planning. On the contrary, the "whole company" approach to talent management is proactive and defines talent as those employees (regardless of level) who have the potential to influence business outcomes (McGarrity, 2007: 1-2).

One of the distinctions of a successful talent management program is the creation of "talent pools" within the company, which provides a reliable and consistent internal source of talent. The development of talent pools makes it easier to train and develop desirable skills and traits in a broader group of employees, which results in improvement of performance across functions and levels. CEOs are finding, however, that to sharpen the competitive edge, they must focus extra effort on the development of above average talent across all director and executive levels and functions.

That said, talent management leverages and aligns the contribution of the entire company's talent to the desired business outcomes through an integrated process that encompasses performance measurement, accountability, and advancement. Proper implementation of talent management consists of four key stages:

- Conduct an honest, analytical review of the individual talent in the firm, by function and level, with the goal of identifying high performers. Team

performance can be evaluated using assessments or performance reviews to assess the strengths, weaknesses of the entire team. This process should result in profiles of the higher performing talent to determine the most critical factors in their individual success.

- Inventory the internal talent pool against the firm's critical measurement standards or valued competencies.

- Map the function, skills, and competencies against the strategic and success factors of high performing talent and identify and analyse the gap between high performers and the broader team.

- Develop a strategy to close the "talent" gap, which includes employee training and development of recruiting policies that reflect the newly identified (and desirable) success factors unique to the company (McGarrity, 2007: 1-2).

Implementing a strategic talent management process prepares business leaders to compete in the global economy and capitalize on opportunities. It allows them to:

- Become "proactive" versus "reactive" to the demand for critical talent needed to respond to company and industry changes;
- Identify success skills and traits that can be developed in all employees, and minimize training costs by focusing on key development areas unique to the company and its culture;
- Provide great consistency among cross-functional teams with identified specific skills and competencies; and
- Improve the recruiting process by measuring candidates against valued competencies unique to the company (McGarrity, 2007: 1-2).

As South Africa embarks on its journey into the second decade of democracy, few can argue that tremendous strides have been made on the political, economic, social and legislative fronts.

Much of the country's legislation and policy directions are among the most progressive in the world (Boninelli & Meyer, 2004).

However, many challenges remain. One is the shortage of professional and managerial skills and the imbalances in terms of race and gender at these levels. Another, is the need to build a robust and entrepreneurial SMME sector which will create the jobs needed to absorb the unemployed.

Staffing is the new speed limit to growth. It is not the access to capital or technology that will constrain the growth of enterprises or the South African economy, but rather the lack of adequate skills to support organisational growth plans. The traditional channels of education and training are no longer providing skills in sufficient numbers nor are they necessarily aligned to organisational needs. Organisations must participate in the development of relevant skills if they are to survive" (Boninelli & Meyer, 2004).

In a knowledge and service based sector, the quality of skills and talent is key to the creation of competitive advantage. Yet in the sectors covered by Fassett, there is a considerable shortage of skills and talent, particularly amongst Blacks and women. This has resulted in a "war for talent", particularly in respect of Historically Disadvantaged Individuals (HDIs).

In this sector of the economy firms need to pay as much attention to providing great working experience for their staff as they do to providing a great service experience to their customers and clients (Meyer, 2005: 2-12).

2.2   Talent defined

Chuai (2008) says it is acknowledged that talent not only has become more important 'among all the factors that could influence the effectiveness of organisations in the future' (Buckingham & Vosburgh, 2001), but also remains in limited supply (Jamrog, 2004; Frank & Taylor, 2004). Yet those who advance such views find it difficult to define highly talented employees. In fact, different organisations find greater value in formulating their own meaning of what talent is than

accepting a universal or prescribed definition (Talent management: An… 2011). Thus, they tend to have different talent targets.

TALENT   =   TRACK RECORD   +   BEHAVIOUR +
                              AMBITION   +   STRETCH

(Trow, 2006: 11).

The South African Concise Oxford (2002: 1195) dictionary defines talent as natural aptitude or skill.

Chuai (2008) pointed out that even though talent can be categorised as valuable, rare, and hard-to-imitate, the specific descriptions regarding talent are still not clear, and there is no universal definition of great talent (Brown and Hesketh, 2004). The definitions of talent will depend on an organisation's business strategy, type of firm, overall competitive environment, and so on (Ingham, 2006).   Therefore, the definitions of talent should be tailored to individual organisations (Towers Perrin, 2004b), and each company should be encouraged to 'understand the specific talent profile that is right for it' (Michaels, *et al,* 2001, p. xii). An in-depth and concise assessment of the key elements of organisation culture and job structure, followed by a matching with candidates who have specific backgrounds, work experiences, and inner personal qualities, becomes crucial in the process of talent identification.

The authors of one of the most influential publications---the War for Talent (2001)*,* elucidate talent as 'A code for the most effective leaders and managers at all levels who can help a company fulfil its aspirations and drive its performance, managerial talent is some combination of a sharp strategic mind, leadership ability, emotional maturity, communications skills, the ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results' (Michaels, *et al,* 2001, p. xiii)*.*

Williams (2000: 35) describes talent as those people who do one or the other of the following:

'Regularly demonstrate exceptional ability and achievement either over a range of activities and situations, or within a specialised and narrow field of expertise; Consistently indicate high competence in areas of activity that strongly suggest transferable, comparable ability in situations where they have yet to be tested and proved to be highly effective, i.e. potential'.

Fishman (1998: 104) identifies talent as 'The most important corporate resource over the next 20 years, and they are smart, sophisticated business people who are technologically literate, globally astute, and operationally agile'.

Van Dijk (2008: 385) defines talent as the product of ability (competence, education, training and experience), coupled with motivation (engagement, satisfaction, challenge and wellness) and opportunity.

Iles (2008: 215) sees talent as the employees, ''who are particularly valuable to an organisation---either in view their 'high potential' for the future or because they are fulfilling business/operation-critical roles''.

Most recently, "Tansley, *et al,* (2007) distil the nature of talent as follows: 'Talent consists of those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential' (p. xi)."

Chowdhury (2002) perceives talents as the 'spirit' of an enterprise, being temperamental, creative, rule-breakers and change-initiators. Berger (2004) offers an equivalent definition of talent as 'superkeeper', based on a classification of employees according to their actual and/or potential for adding value to the organisation: 'Superkeepers are a very small group of individuals, who have demonstrated superior accomplishments, have inspired others to attain superior accomplishments, and who embody the core competencies and values of the organisation; their loss or absence severely retards organisation growth because of their

disproportionately powerful impact on current and future organisation performance' (Berger & Berger, 2004, p. 5).

The above definitions of talent all see talented individuals as to the companies' competitive advantage, because they drive companies forward through their outstanding competence and ability. In this sense, it is not possible for everyone in the organisation to be considered as a talent; talented employees are fundamentally different from the others in terms of their current and past performance as well as their evaluated potential and competence.

Consequently, this approach to comprehending talent takes both a short-term and long-term perspective. Branham (2005) takes this view further by postulating the Pareto Principle of Factor Sparsity, i.e., that 20% of the workforce can contribute 80% of the value. Organisations will then be able to accomplish their TM process that will truly deliver 80% value from 20% talented individuals.

Trow (2006) also shares the same sentiments as Chuai that talent plays a very critical role in an organisation but that not every person in an organisation should be considered talent. There is a view that only 20% of the workforce (talent) delivers 80% of the value (Branham, 2005). Defining who this talent is within an organisation is crucial, and some writers have suggested that in order for organisations to gain maximum benefit from their talent, it should be placed in key positions that make the most difference to the organisation's strategic objectives (Huselid *et al*, 2005).

The above literature review on comprehending talent leads to the conclusion that there is no single definition of talent. One opinion goes a little bit further by stating that 'defining great managerial talent is a bit more difficult; a certain part of talent eludes description: you simply know it when you see it' (Michaels, *et al,* 2001, p. xii). Some authors such Tulgan (2001: 28) see little point in trying to define 'talent' because:

'You know very well that a single truly great person on your team is worth two, three, four, or five mediocre ones. The difference in value is hard to quantify, but the truth of the matter is clear: Nobody is more valuable than that person you can rely on without hesitation. That person almost gets the job right and ahead of schedule, takes exactly the right amount of initiative without over-stepping, makes the tough judgment calls as well as the easy ones, and makes it look routine'.

Notwithstanding the diversity in understanding 'talent', many concepts can still be found to share similar themes and fall into similar patterns. The following three main perspectives are extracted from recent publications:

(1)   Exclusive perspective by viewing key people with high performance and potential as talents (non-position-related understanding);

(2)   Exclusive perspective by viewing right people in key positions as talents (position-related understanding);

(3)   Inclusive perspective by viewing everyone as talent.

The first strand takes a relatively narrow sense of the definition: individuals who have the capability to make a significant difference to the current and future performance of the company (Morton, 2011). A wide range of academics and practitioners adopt this point of view. For example, Wall and Aijala (2004) refer talent to 'critical talent'--- groups and individuals who drive a disproportionate share of an organisation's business performance and generate greater-than-average value for customers and shareholders.

Talent is an increasingly scarce resource, so it must be managed to the fullest effect (Development Dimension International, 2009: 1).

2.3   Talent management defined

In conventional HRM streams, the phrase talent management refers to the process of identifying, hiring, developing and retaining employees who are thought to have "exceptional talent, ability and transferable skills" (Psychometric Services Ltd.). Such 'talent' is believed to be "essential to drive any organisation forward at this time of continual and remorseless change." In other words, people are the foundation for a company's competitive advantage. Implicit in the discussions about talent management is that there is a 'talent market', which behaves according to economic laws. Companies need to get into the race of winning the 'war for talent', because lagging behind means losing business. Yet, while demand for talent goes up, supply will be going down (Fastcompany Internet) (Van Leeuwen, 2003: 16).

Sullivan (2007) defines talent management as the integrated process of ensuring that an organisation has a continuous supply of highly productive individuals in the right job, at the right time. Rather than a onetime event, talent management is a continuous process that plans talent needs, builds an image to attract the very best, ensures that new hires are immediately productive, helps to retain the very best, and facilitates the continuous movement of talent to where it can have the most impact within the organisation.

Paradise (2009) defines talent management as a holistic approach to optimising human capital, which enables an organisation 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.

Talent Management is an organisation's ability to effectively acquire, develop and retain high performing individuals in critical jobs. It is recognised that everyone in Engen has talent, however to achieve organisational strategic goals, differentiation of talent and its associated investment is required. This will result in the customisation of the talent management approach for different categories of talent. Categories of talent will be defined in terms of a potential and performance mix (Engen: 2008a).

Van Dijk (2008: 385) defines talent management as the strategic integrated approach to managing a career from attracting, retaining, and developing to transitioning the organisations' human resources.

Nevertheless, it would be improper to assume that one definition suits all business as businesses exist for different reasons and have different interests. Having said that, the definition of talent management will differ from company to company. In some businesses, talent is viewed as the full compliment of the establishment of the workforce. In others only top management is considered, while a group of some businesses only look at the top talent. The talent management process will therefore be driven by the prevailing philosophy of an organisation.

Workforce management, states that talent management ensures that the right people, with the right skills are in the right place, and are engaged and focused on the right activities to achieve targeted business results. It is a complete set of processes an organisation employs to identify, acquire, deploy, develop and manage the people it needs to successfully execute its business strategy.

2.4   Why talent management?

The world is changing at a bewildering pace. Everywhere new markets are opening up, new workforces are emerging, and new ways of working are challenging our thinking. We are in a new stage of globalisation where talent and brainpower are becoming the predominant currency (Cheese, *et al* 2008). This is particularly true in the developing world and, more so, in a country like South Africa which has all kinds of demands being made on its infrastructure right at this moment (De Saint Exupery, 2008).

Traditional resources are now providing only a temporary advantage – location is far less important in the digital age, capital flows freely in global markets and new technologies are quickly copied. Consequently, there is a growing belief that the best source of lasting competitive advantage could be found in something inherent in, and unique to, each

organisation: its human capital – its workforce – and the processes for managing it" (Lanyon, 2007).

The most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. Yet various indicators, from aging Baby Boomers to abysmal U.S. math and science scores, tell us that top talent, already scarce, will only become more so in the years to come. In fact, the U.S. Bureau of Labour Statistics forecasts a shortfall of 10 million workers by 2010, with the greatest deficit to occur in the 25-44 age groups (the prime working years). And only a fraction of those workers will have the skills needed for managerial positions, much less qualify for the executive track.

Experts warned of this impending war for talent over a decade ago, and leaders of most midsized businesses in search of tomorrow's leaders would agree: it is on. Its effects will be felt most profoundly by midsized businesses looking to identify and groom the next generation of leaders. Business leaders that fail to make talent management (the acquisition, growth and retention of top talent) a strategic imperative now could find themselves – and their companies – casualties of an increasingly competitive and global business environment (McGarrity, 2007: 1-2).

Why is talent management becoming such a critical issue? Partly, it's because demographic changes are draining essential skills from the workforce at an alarming rate. An aging global workforce and a widening "skills gap" in high-demand fields such as science and engineering are expected to deliver a severe one-two punch to the labor market in the next few years. In 2008, the first members of the Baby Boom generation will turn 62, the average retirement age in North America, Europe, and Asia. Meanwhile, many schools, faced with continuing resource, capacity, and quality issues, are struggling to graduate qualified candidates. The U.S. Department of Education estimates that 60 percent of all new jobs in the 21st century will require skills that are possessed by only 20 percent of the current workforce (Deloitte, 2008: 1).

Sullivan (2007) states that the goal of the talent management process is to increase overall workforce productivity through the improved attraction, retention, and utilization of talent. The talent management strategy is superior not just because it focuses on productivity, but also because it is forward looking and proactive, which means that the organisation is continuously seeking out talent and opportunities to better utilize that talent. It produces excellent results because it overcomes the major problem of traditional recruiting, which is isolation. It instead integrates the previously independent functions of recruiting, retention, workforce planning, employment branding, metrics, orientation and redeployment into a seamless process.

However, today, and certainly in the future, as businesses have more access to bigger and ever-changing markets, and technology impacts productivity, it is the human element that is the constant in creating and adapting change (The Journal of the Human Resources Planning Society, 2009: 14).

Talent managers and organisational designers provide important support and counsel in building both individual competencies and organisation capability (The Journal of the Human Resources Planning Society, 2009: 7).

Talent management is one of the most strategic objectives of organisations today. From every viewpoint, talent is essential and is often regarded as a key strategy in maintaining a competitive advantage. Talent management is needed for success, efficiency, and consistency. A systems approach is advocated, beginning with attracting talent and ending with removing talent (Phillips & Edwards, 2009).

When the knowledge and skills of critical talent become scarce, recruiting wars erupt. Many leading companies fight these wars differently. They do not succumb to bidding wars, knowing that the "star" that chases high offers will be out the door as soon as the next higher one rolls in. Nor do they bribe talent to stay, knowing that monetary incentives do not foster long-term

commitment; worse still, they can mask discontent that infects others. Rather than focus on acquiring and retaining talent, talent focused organisations support their key people on the issues they care about most: doing work that engages them, learning how to do it even better, encountering fresh challenges, and interacting with people in positive ways (Deloitte Research Study, 2008: 2).

Outside hiring hit its inevitable limit by the end of the 1990s, after the longest economic expansion in U.S. history absorbed the supply of available talent. Companies found they were attracting experienced candidates and losing experienced employees to competitors at the same rate. Outside searches became increasingly expensive, particularly when they involved head-hunters, and the newcomers blocked prospects for internal promotions, aggravating retention problems (Cappelli, 2008: 2).

Today's organisations have access to the key success factors. Financial resources are available to almost any organisation with a viable business model. Financial capital froze even during economic downtimes. One company no longer has an advantage over another to access the financial capital needed to run a business. Access to technology is equal; a company can readily adapt technology to a given situation or business model. It is difficult to have a technology advantage in an information technology society.

Businesses also have access to customers even if there is a dominant player in the market. Newspapers contain stories of small organisations taking on larger ones and succeeding. Having entry and access to a customer database is not necessarily a competitive advantage. What makes a difference, clearly, is the human capital – the talent – of an organisation (Phillips & Edwards, 2009).

Products can be quickly duplicated and services cheaply emulated – but innovation, execution, and knowledge cannot. The collective talent of an organisation is its prime source of ability to effectively compete and win. In the new economy, competition is global, capital is abundant, products are developed quickly and cheaply, and people are willing to change jobs often. In this kind of environment smart, committed, experienced people who are technologically literate, globally astute, and operationally agile are of new competitive advantage. Even as the demand for talent goes up, the supply of it may go down. As a result, an unprecedented shift is occurring. Businesses are increasingly recognizing the need to radically change the role of their Human Resource function (Knowledge Infusion White Paper, 2006: 3).

The ability of people in organisations to manage information and apply knowledge to create new and innovative ideas, products and services, is increasingly the key to an organisation in a global and knowledge and innovation driven economy. People have become truly an organisation's important asset. As a result, companies are integrating human resources management into their overall corporate strategies in order to tap the full potential of their workforce to meet their business objectives (The national human resources handbook, 2000).

In a competitive environment, the softer side of competitiveness reflects the shift towards a knowledge based economy. In the industrialised world of today, only 15 per cent of the active population physically touches a product. The other 85 per cent are adding value through the creation, the management, and the transfer of information. The human dimension of competitiveness has, therefore, become a key success factor in the modern economies of the world (Nel, *et al*, 2001: 5).

Moreover, the contemporary workforce is not only becoming more mobile, but aware of its value. Talented employees are in great demand in the global knowledge economy, so employers have to work increasingly hard to retain, reward, develop and motivate good people. In addition, as baby boomers begin to retire, a significant gap in the workforce population is growing. This

makes it more critical for HR to adopt strategies for recruitment skills and competency management, performance management, learning and professional development, and compensation. These strategies make up the talent management framework (Oracle Corporation, 2006: 2).

In addition to the reasons given above, there are a number of reasons why the attraction, growth and retention of talent is important to firms.

Costs:

The costs of having to replace someone with scarce skills are considerable. Firstly, the recruitment costs are substantial. Qualified staff, especially Blacks and Women, are not freely available in the market place. This means that agencies or search consultants are required to find such talent and they are expensive. Further costs are incurred during the first 3 – 6 months of employment during which new staff are seldom fully functional (Meyer, 2005: 2-12).

Risk:

Despite every attempt to follow effective selection practices, there is always a risk that new staff will not perform as expected. It is often said that while organisations select people on their competence and experience, they fire or lose them due to lack of cultural fit. A highly competent professional who is unable to fit the organisational culture is unlikely to be effective or remain for long. This is particularly true in respect of HDIs entering a firm which has been historically white and or male dominated (Meyer, 2005: 2-12).

Client Service and Opportunity Costs:

In a service organisation service excellence relies largely on personal relationships. It demands that clients feel confident in the people providing the service and that service providers have a memory of client needs and issues. If that relationship is broken as a result of key talent leaving the organisation, the capacity of the firm to provide sustainable service is severely compromised. This has the potential to compromise future business with the associated opportunity costs (Meyer, 2005: 2-12).

Lack of Capacity:

Lack of people with suitable skills and talent is a key restraint in terms of service capacity. This manifests itself at 2 levels. Firstly, firms soon reach a state of overload. Deadlines are missed, standards and quality of work drop and a vicious cycle emerges and feeds on itself. This is a very common phenomenon with small and medium sized professional firms. They do not have the capacity to manage their growth or the peaks and valleys associated with the modern business world. Secondly, the firm is so consumed with meeting operational deadlines that it loses its ability to keep up to date with latest best practice, legislation or other issues demanding new skills. In this case clients will soon recognise that mistakes are made due to lack of currency of skills (Meyer, 2005: 2-12).

These are some of the more visible risks to firms who do not pay attention to the attraction, growth and retention of key talent. Beyond the visible, other manifestations of the problem arise. Staff morale declines because leadership talent is absent and this energy drop is transferred to the client. Internal politics and protection of territory or unwillingness to share information and surface problems affect the functioning of the firm. All of these things affect the ability of the organisation to offer great service and take advantage of opportunities to grow (Meyer, 2005: 2-12).

The Corporate Leadership Council's recent quantitative research reveals that the ranks of highly disengaged employees have increased significantly between 2007 and 2008. Disengagement is present in all employee segments, but high potential employees are at a particularly high risk of departure, with one in your potentials intending to quit their jobs in the next year compared to one in ten of non-high potentials. This elevated risk, coupled with the reality of reduced HR budgets, creates an immediate imperative for HR to focus on retention efforts on those individuals and roles with the greatest impact on business-critical outcomes (Corporate Leadership Council, December 2008: 3).

The key to strategic success in any organisation is talent – an organisation's people – from its current and future leaders to its frontline employees. However, today it is more difficult to find and retain talent. It has become essentially for Engen to proactively look at the people-centred solutions.

Talent management ensures that Engen attracts, develops and retains a high performance workforce ensuring the achievement of our business strategy. With growing skills shortages and increasing competition for skills, effective talent management will help ensure that Engen has the competencies needed to achieve EPIC 2016. Proactive talent management ensures that the right people, with the right skills, are in the right job, at the right time delivering business results (Engen, 2008a).

At the heart of the truly talent powered organisation is a distinctive capability that has become essential in delivering long-term sustainable competitive advantage. This strategic talent management capability focuses on three things in particular: talent definition and competency planning; talent sourcing; and talent development (Green, & Cheese, 2008: 1).

Talent management is fundamentally about ensuring that the right people are positioned in the right places and utilised to the fullest potential for optimal success of the organisation (Phillips, 2005).

The current global economic expansion, combined with the demographic changes such as declining birth rates, longer life expectancies and the general ageing of the populations of developed countries noted, has resulted in a "seller's market" for workers with in-demand skills and/or experience. And recent erosions in pricing power combined with new lows in unemployment have put upward pressure on compensation and incentive packages, making the proposition of switching employers for higher compensation packages far more attractive and viable than ever before. For employers aiming to hold on to their best performers, the timing could not be worse: Employee loyalty and engagement are at all-time lows, and top performers or those with needed skills can be easily lured to other companies.

Many organisations, in fact, already have learned through painful experience of the need for strategic talent management initiatives to ensure the continued retention of top performers and those with business critical skill sets (Russell Reynolds Associates, 2008: 2).

Development Dimensions International (2009: 1), organisations know that they must have the best talent in order to succeed in the hypercompetitive and increasingly complex global economy. Along with the understanding of the need to hire, develop, and retain talented people, organisations are aware that they must manage talent as a critical resource to achieve the best possible results.

To ensure their companies will have the right leadership and/or management team in place and fully functioning when are needed to meet the organisation's strategic initiatives, Chief Executive Officers (CEOs) must adopt a disciplined approach to talent management. That means aggressive management of the acquisition, growth, and retention of talent through a rigorous and logical process. Rather than using "gut feel" to make hiring decisions, business leaders must begin to analyse talent opportunities as fully as they would any other business opportunity, that is, identify risks, forecast profitability and develop strategic action plans to ensure successful execution (McGarrity, 2007: 1-2).

2.5   Generational gaps

The current profile spends over 3 generations, namely baby boomers (born between 1946 – 1964), generation X (born between 1965 - 1980) and generation Y (born between 1981 – 1999).

Baby Boomers are the most powerful demographic group in history. Businesses thrive or fails based on their ability to keep pace with the likes and dislikes of this economic powerhouse known as the baby boomers (Antonio, 2009).

The baby boomers' community is significant in size they are 36% of the staff complement at Engen with a significant contribution to the profitability of the organisation. More than 60% of the Engen Leadership is from this generation.

Due to its large size, the Baby Boom generation has had a significant impact on society, business, and the economy. The impact of the generation has been felt in all areas of consumer spending, from increased sales of baby products when they were young; to rising demand for houses as they set up their own households; to growth in retirement savings vehicles as they prepare for their senior years (Antonio, 2009).

The "War for Talent" is further compounded by the impending departure of baby boomers. Generational differences bring certain peculiarities that are profound and can never be ignored. Some of these are better work ethic and loyalty which factors are closely associated with baby boomers.

Engen currently does not have a process of managing the exit of baby boomers. This activity is left entirely to line management.

Talent management will surface areas and or critical positions which are occupied by the baby boomers thereby affording the organisation an opportunity to develop an effective succession programme. Another challenge that will be mitigated is the challenge of skills transfer.

Due to fact that baby boomers are not job hoppers, they are loyal and often stay long on their roles with the result that they gain good experience and deep knowledge of their roles.

2.6   What is shareholder value?

Shareholder value refers to the more specific concept that planned actions by management and the returns to shareholders should outperform certain bench-marks such as the cost of capital concept. In essence, the idea that shareholders' money should be used to earn a higher return than they could earn themselves by investing in other assets having the same amount of risk (Shareholder value…2010).

Shareholder Value =   Corporate Value (Firm value)   -   Future claims (Debts)

Shareholder Value = (NPV of all future free cash flows + value of non-operating assets) – Future claims (Debts) (The definition of shareholder… 2010).

2.7   Linking talent management with shareholder value

A guiding philosophy that underpins this approach to talent management is that we should be managing "value", and the value of talent is determined by context. Christiano Ronaldo, a soccer player for Real Madrid, is a useful example of this principle. He earns over €250,000 a week as a soccer player, but is unlikely that he could earn more than a €10,000 a week as an HR person. The point is that his value is limited to one specific area of sport. He has become a better player, but he was always doing the same thing. What happens to people as they move up through an organisation is that they are expected to radically shift their area of expertise. These quantum shifts in required talent lead to the classic example of "square pegs, round holes" or the extreme version of the "Peter Principle", where people are promoted beyond the level of their own incompetence. These transitions increase or decrease our value, not because we become more or less skilled, but because we have a better or worse fit to the context in which were are expected to operate (Boninelli & Meyer, 2004: 189).

A grand strategy is essentially a comprehensive general approach that guides and directs all other decisions, practices and efforts towards mission accomplishment. Such a comprehensive general approach ought to be based on a certain core idea about how to be successful – referred to by Pearce and Robinson (1991: 224) as a "generic strategy".

The same can be said of strategies on how to manage employment relationships. It has to be decided what comprehensive general approach will be followed in managing the individual and collective dimensions of employment relationships within the organisation. This decision must be based on a certain core idea of what will work within the context of the internal and external environments (Erasmus, Van Wyk & Schenk, 1998: 178).

Lattner (2008) says getting your talent strategy right can help you meet revenue and sales goals, cut costs, spur innovation, expand globally, and shrink your tax burden. Getting your talent strategy wrong – or simply ignoring the situation – could undermine business goals, negatively impact shareholder value, erode your brand, and leave you at a competitive disadvantage.

More recently, the quality of leadership has been linked with business performance. Research by Hewitt Associates discovered that 85% of the top 20 performing businesses in a group of 373 held their leaders accountable for developing top talent, compared to 46% of leaders from the other organisations. Mckinsey also revealed a strong link between quality of succession planning and shareholder return (Ashridge Journal, 2007: 7).

Sustainability once an obscure ecological concept has now been adopted by many in the business world to connote the principles of social and environmental responsibility. Progressive businesses have recognized that profitability alone does not guarantee continuity, and that sustainability contributes to long term shareholder value.

Sustainable business practices go beyond corporate governance, codes of conduct, and engagement with stakeholders. A genuine commitment to sustainability requires adopting a broader view of the full life cycle implications of business decisions, including new product development, supply chain management and talent management (Ficksel, Low, & Thomas, 2004: 19).

The Talent Powered Organisation explains how to create talent power for lasting high performance and competitive advantage. It shows organisations of all kinds how to generate enthusiasm and creativity and how to align these with their strategic goals (Cheese, *et al).*

Importantly, talent management is an evolving process, enabled by technology that integrates a set of previously independent and disconnected processes. The ability to identify, develop, manage and retain talent as an integrated set of processes across the organisation (rather than in functional silos) allows organisations to drive new levels of value from its talent. This value is represented in strategic measures such as higher productivity, increased accomplishment of business plan objectives and, ultimately, increased shareholder value (Knowledge Infusion White Paper, 2006: 4).

To be most effective, talent management must be aligned with the company strategy, define leadership criteria that are consistent across all functional areas, and identify the technical skills (analytical ability, experience/skills, intelligence) that are needed for growth. By applying a well orchestrated approach to talent management, organisations will be better able to ensure they have

high performing team members in place who will significantly advance the company's business goals and profitability objectives – both now and in the future (McGarrity, 2007: 1-2).

By far the greatest part of a typical company's value now comes from intangibles – such as its unique knowledge of production, service and delivery methods, its knowledge of markets, its relationships with customers and suppliers, its brand value and reputation, and of course its workforce capabilities. Almost all of these intangible assets are driven, in one way or another, by human talent (Cheese, *et al*).

Boninelli & Meyer (2004: 146), indicate that analysts and investors are increasingly looking beyond the short-term of this year's financial results to a range of other factors in predicting the future success of an organisation. These are intangibles in the form of core competencies, critical capabilities and quality of leadership that function as "integrating mechanisms" and that result in the "whole" of the firm being worth more than the parts.

As HR professionals account for customer and owner requirements in the design and delivery of organisational capability and related HR practices, they will do so with greater awareness of competitors. They recognise that forward-looking and innovative HR practices have relatively little value unless they create greater value than those of their dominant competitors. Internal measures of change must be viewed from the perspective of change relative to external competition (Ulrich & Brockbank, 2009).

John P. Kotter and James L. Heskett cited in Russell Reynolds Associates (2008: 3) were among the first to formally measure the impact that effective talent management has on revenue, profitability, stock price and other key indicators of business success. In the early 1990s, examining data over a 10-year period, they demonstrated how those companies that systematically integrated performance into corporate culture outperformed similar organisations that did not do so. Revenue at companies where the culture was well managed increased 682 percent versus 166 percent at those where it was not well managed. Stock price increased 901 percent versus 74 percent; net income increased 756 percent versus 1 percent; and job growth

increased 282 percent versus 36 percent. Since that landmark research, Towers Perrin and others have shown a definitive link between the effective management of workforce, talent or culture initiatives and positive business results. While the proof points vary, the conclusion remains the same—performance and business improvements do increase dramatically when employees are strategically managed and incentivised. And with investors increasingly aware of that link, top management is under more pressure than ever to have effective and visible talent management practices in place to meet the growing demands of a vocal investor community.

Corporate Leadership Council (CLC) studies across the past five years confirm that organisations with competitive talent management practices show considerable returns in terms of their ability to attract, retain, and drive the performance of top talent.

2.8   Primary principles of talent management

The four primary factors that make the talent management approach unique include:

- An integrated approach within HR. Talent management formally integrates people management programs and functions so that they work as a continuous process.

- Integrating people processes into standard business processes. Talent management goes the next step and further repositions people management programs and processes into the company's standard business processes, such as the corporate strategic planning process, budgeting, mergers, and new product development.

- Shifting responsibility to managers. Talent management pushes the accountability and the responsibility for executing people management down to the line management levels.

- Measuring success with productivity. Talent management shifts the success measures from the more traditional HR and recruiting functional metrics towards measuring the overall productivity of the workforce (Sullivan, 2007).

2.9   Evaluating the talent management process

Where talent management is instituted as a formal process in an organisation there are a number of measures that can be applied to measure the effectiveness of the process. The most obvious is the measure of turnover in those positions or amongst those people which are considered critical to the functioning of the organisation. If this has dropped it can be assumed that the process is having an effect. This should also become a management metric.

An important lead indicator would be the perceptions of key staff. This could be measured through a culture survey or employee satisfaction survey. It is important in doing so to stratify the results in terms of perceptions of different race groups, gender and age groups. Finally, 360 degree feedback for managers is useful in identifying specific leadership issues. In terms of external measures and benchmarks, participation in surveys such as "Best Company to Work For" conducted by Deloitte provides a powerful benchmark relative to other companies (Meyer, 2005: 2-12).

2.10   Talent management key elements

2.10.1 Attracting talent

"Only by attracting the best people will you accomplish great deeds."

– Colin Powell

Workforce planning plays a central role in strategic human resources management. Planning for a firm's human resources is just as important as planning for its capital and financial resources.

Managers have always been very concerned about planning for their capital and financial requirements, but only recently have they recognised the competitive advantage derived from a highly skilled and available workforce (Nel, *et al* 2001: 218).

A critical success factor in a knowledge based economy is the ability to attract and recruit the best talent for the company. People – their merits and capabilities will be a company's most important asset (The national human resources handbook, 2000).

When labour gets tight, most organisations hunt for external candidates to fill their most critical jobs ("acquisition") and try to convince current employees to stay ("retention"). These companies offer money, perks, and new challenges. But this is more of a knee-jerk response than clear strategy. Sometimes it works (Deloitte Research Study, 2008).

Acquiring talent has four key issues: attracting (in essence, creating a talent magnet); recruiting (getting them into the organisation); selecting (making the selection decision); and employing (actually putting them on the payroll). Each of these is an important step, often performed by different individuals.

Attracting talent is a long-term issue. The attraction of a place to work covers several issues, but two very important ones relate to the issue of developing a talent magnet. One issue is being an employer of choice, representing a great place to work. The second is the overall reputation, or employment brand, of the organisation (Phillips & Edwards, 2009).

Thus for the typical company today, it is important to think and act global (IBM, 2008; Mendenhall, *et al*., 2008). It is also important to be where the customers are: and increasingly companies like Nokia, IBM, Tata, Caterpillar, and BT find that the growing customer base is in the BRIC countries (Brazil, Russia, India, and China), as well as a growing number of emerging economies in Asia, Latin America, and Eastern Europe. And as multinational companies move into these countries, they attempt to recruit and hire the best talent possible. Furthermore, they attempt to enter into new markets as quickly as possible to help ensure they arrive before others do, thus making it more feasible to hire the best talent at the best price possible (Ewing, 2008;

Palmisano, 2007). The result can lead to a competitive advantage that can be sustained for several years (Porter, 1985; 1990; Dunning, 2000) (Schuler, Jackson, & Tarique (2009: 5). Erasmus *et al* (1998: 259) defines recruitment as those activities in human resource management which are undertaken in order to attract sufficient job candidates who have the necessary potential, competencies and traits to fill job needs and assist the organisation in achieving its objectives.

Attracting talent would involve assessment and selection of human resources. It would basically require the evaluation of the present workforce. This evaluation unravels the existing discrepancy between the needed talent and existing talent. Job evaluation is another way of identifying the needs of the organisation. Now the talent can be acquired through proper recruitment and selection strategy to fill the burgeoning gap. Talent acquisition includes the organisation's ability to extract information and ideas from its environment as well as through insight. One of the fastest and most powerful ways to acquire talent is through grafting, i.e., hiring individuals or acquiring entire companies. For example, graphic chipmaker ATI Technologies attracted a large number of talents by hiring the most experienced Nortel staff that was recently laid off (Sinha & Sinha, 2008: 4).

Workforce management defines talent attraction as a stage of the employee life cycle which includes all issues relating to drawing people with the right skill sets to the organisation. What kind of human capital should we invest in? How should it plan on recruiting and staffing and staffing for the positions that emerge? What kind of talent will impact the development of the organisation in a positive manner? What should the master plan for organisational development be? These are just some of the questions to be considered while an organisation charts its course to attract and develop its most valuable assets – its workforce.

2.10.2 Developing talent

In April 1994, a document entitled *A National Training Strategy* was published (Erbelein 1995: 1). This document proposed an integrated approach to education and training for the future and

also emphasised the centrality of training in the quest to ensure international competitiveness (Erasmus *et al,* 1998: 419).

The national training strategy provided a new vision for education and training, namely that "it must meet South Africa's need for a human resources development system in which there is an integrated approach to education and training which meets the economic and social needs of the country and the development needs of the individual.

Baron, & Armstrong (2007: 104)…"people are assets and investing in them will create added value. The major vehicles for such investments are learning and development programmes".

The vanishing supply of talent will force many companies to take a hard look at how they develop key people. In the past companies were satisfied to find loyal, hardworking candidates. Instead, they need a mix of highly analytical people with technological savvy, creativity, global know-how, adaptability, and great communication skills to collaboratively solve complex and rapidly changing issues. Developing such skills is rarely achieved by spending more on training. Formal training programs are important, especially when employees lack key skills or knowledge. But even online courses that provide access to coursework 24 hours a day, 7 days a week can fall short when it comes to resolving complicated, time-sensitive issues (Schuler *et al,* 2009).

Rather than push more information onto employees through conventional training, it is more important that they "learn how to learn." The sales executive who must know the customer's business backwards and forwards, as well as his own, and those of his alliance partners can no longer be a deep specialist in a single product or service. It is more important that he knows where to go for information and whom to ask (Phillips & Edwards, 2009).

A variety of learning and development programs must be available to continue to improve performance, refine skills, learn new techniques and adjust to changing technology. A variety of development methods used with specific emphasis on the non-traditional ones. Career development focuses on preparation for the next job or series of jobs. Because today's

employees are interested in all types of career movement and development opportunities, several approaches are utilized and explored. Succession planning is part of this as well as other types of replacement planning (Phillips & Edwards, 2009).

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 (Blass and April, 2008).

While the recruitment efforts of Schlumberger have helped attract many engineers, they have found that it is equally important to offer training and development to help retain these individuals. Whether newly graduated or well experienced, all engineers must continually expand their knowledge as newer technologies are introduced. In response to these and other training needs, the company has invested in a new generation of integrated training centres around the world that it believes clearly differentiates itself from its peers, helping to gain and sustain a competitive advantage in the oil services industry (Schlumberger, 2007; Stephenson and Pandit, 2008) (Schuler, *et al*: 2009).

If the management of talent is about cultivating a passion for learning, then a talent management approach to management development seems appropriate. McCauley and Wakefield (2006) mention that organisations that excel at talent management all exhibit the following eight best practices, namely:
- defining talent management broadly;
- integrating the various elements of talent management into a comprehensive system;
- focusing talent management on their most highly-valued talent;
- getting senior management committed to talent management work;
- building competency models to create a shared understanding of the skills and behaviours needed and valued by the organisation;
- monitoring talent system-wide to identify potential talent gaps;

- excelling at recruiting, identifying and developing talent as well as performance management and retention; and

- evaluating the results of their talent management system (Van Dijk, 2008: 391).

The most frequently identified competency is the ability to manage and develop one's own employees. On the surface, this appears to be blatantly obvious. But this finding points to the fact that there is a difference between managing a talent management pipeline and managing a talent management team. Thus, the successful talent management leader must be able to effectively identify and match his or her own team's skills to current and future business needs and foster a culture of performance throughout the talent management organisation (Russell Reynolds Associates, 2008: 3).

Workforce management explains the final level in the employee life-cycle that relates to talent management is talent development. Employees that have been recruited need a clear and visible development path. Organisations need to further invest in their employees and provide learning and development opportunities to keep their skills in-line with evolving organisational requirements.

Figure 1 illustrates the multiple tools that must be properly mixed and sequenced by the supervisor and employee working collaboratively to enhance the employee's development. Organisations need to inventory these tools in order to make them known to managers and to develop plans to help managers use them. Education programs are easier to inventory than job enrichment programs, which is why they are more frequently used. But it is the competence of supervisors in performance appraisal, coaching, counselling, modelling, and supporting that is the key to a program's success (Beer, *et al* 1984: 87).
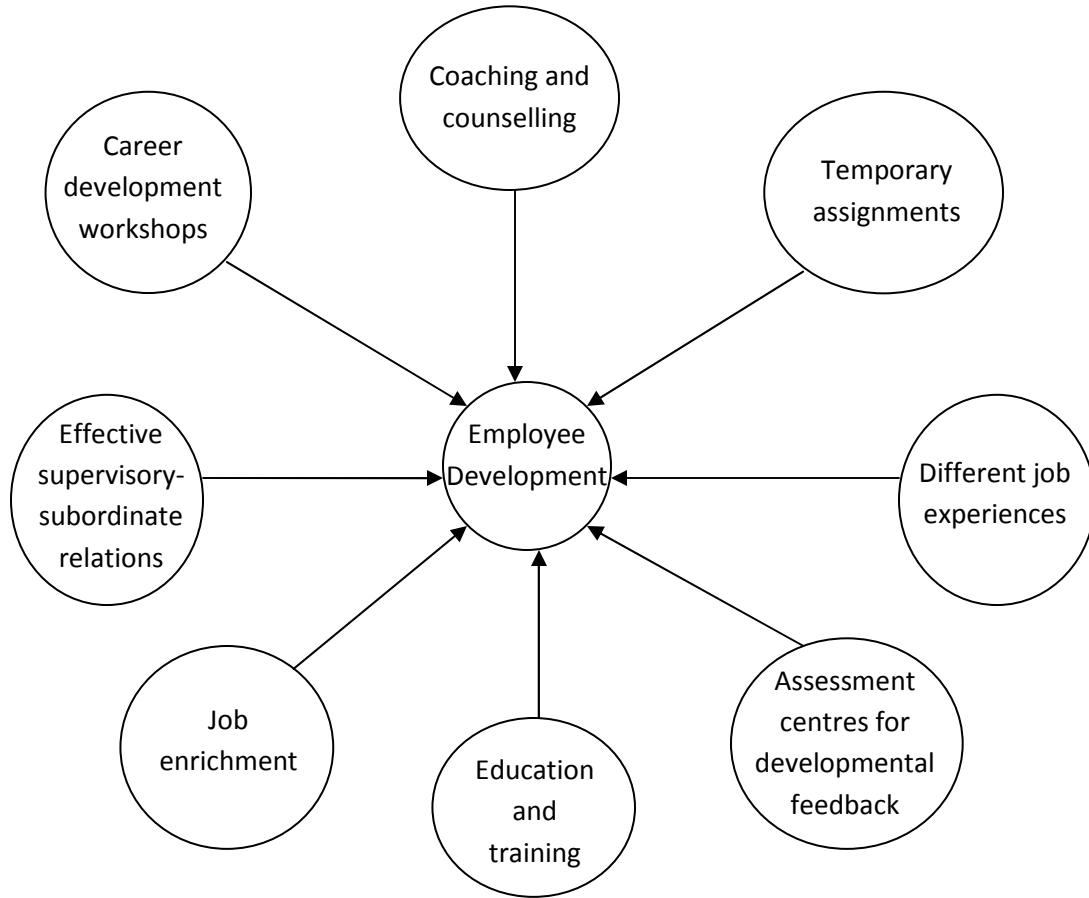
Figure 1: Tools for Employee Development

Source: Beer, *et al* 1984

Talent management also entails the retention of employees. Developing and training employees is costly and it may be difficult to replace people in knowledge-intensive industries. Therefore, one of the seven 'talent imperatives' proposed by McKinsey is "create 'extreme' employee value propositions that deliver on your people's dreams." Such a value proposition consists of a 'great company, great leaders, a great job and attractive compensation.' Delivering on these promises will cause employees to "truly care about the company" and, hence, continue working for the organisation (Van Leeuwen, 2003: 16).

Development represents efforts to improve employees' ability to handle a variety of assignments and to cultivate capabilities beyond those required by the current job. Development benefits

both the organisation and the individual employee. Employees and managers with appropriate experience and abilities may enhance organisational competitiveness and the ability to adapt to a changing environment (Sinha & Sinha, 2008: 4).

Companies must institute employee processes that nurture the long-term professional development of employees and earn their loyalty. By doing this, companies can be assured that they are building a pipeline of skilled, knowledgeable employees who will be able to step into "A" roles when needed. These processes can include everything from training, development and mentoring to rotational opportunities.

Building a strong pipeline also means helping employees to view their positions as long-term career paths rather than just as "jobs". This typically involves creating career maps for employees and supporting them with international transfers and rotations over, say, a 10-year period (Russell Reynolds Associates, 2008: 3).

2.10.3 Retaining talent

Keeping talent on-board is perhaps one of the most critical challenges for the Chief Talent Officer (CTO), representing one of the newest responsibilities. This principle involves managing the retention process and managing layoffs—now a CTO responsibility in some organisations (Phillips & Edwards, 2009).

For instance, with regard to retaining employees identified as 'critical talent' the Corporate Leadership Council advises to offer employees job rotations.

In the fast-growing competitive world the organisation can survive only with its talented employees. The organisation may face several challenges, such as ageing workforce, high attrition rate, increasing skill shortage, etc. Among these high rate of attrition of employees is the major challenge. An organisation facing a high attrition rate is often hard pressed with other ongoing HR activities like recruitment, training, compensation revision and survey etc., so that

eventually no time is spent on the development of employees (Kumar, 2001). A good retention strategy will ensure the presence of following elements in its organisation, so as to prevent any further exodus of the employees:

- Exciting work

- Good organisational culture

- Robust leadership

- Wealth and rewards

- Prospects of career growth and development (Sinha & Sinha, 2008: 4).

The success of growth, innovation and efficiency strategies is dependent on attracting and retaining people who, in skills, experience and quality, are equipped to drive strategies forward (Russell Reynolds Associates, 2007: 13).

2.11 Integrated talent management framework

An effective talent management framework is one that focuses on all elements of an employee life cycle in an organisation. For employees to be fully engaged and to perform at their best all the time all the aspects of the employee value chain must be linked and connected to each other.

There are as many talent management frameworks as there are different definitions of talent management. The said frameworks have also evolved like the talent management definitions.

The following are the different frameworks:

Figure 2: Traditional Talent Management Process (Deloitte Research 2008)

Source: Deloitte Research, 2008.

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Organisations focus their energy on "acquiring" and "retaining" critical talent—especially when talent is scarce. This focus on the end points is problematic for many reasons. To begin, the resulting process is linear because employees are often ignored once they are recruited into an organisation or project. As such, they can become pigeonholed without the opportunity for redeployment. Instead, individuals need flexibility to try on new roles and organisations need flexibility to shift to marketplace demands. Attraction and retention are important metrics, or outcomes. But to be effective, talent management strategies must be built around the things that generate the most value and matter most to employees— "customers" of this process. That is, their development and deployment— and connection to others (Deloitte Research Study, 2008).

We saw earlier that 'having the right people in the right roles with the right skills at the right time to deliver both business and individual value' seems to serve as the objectives of HRM as well as TM. Mucha (2004: 98) vividly describes such an objective as a 'sweet spot'. Once an organisation has assessed its future needs and roles, it is ready to identify and match individuals to the sweet spot. The sweet spot describes a model that positions the right person in the right job for them." The following indicates a good match of talent and work as per Figure 3.
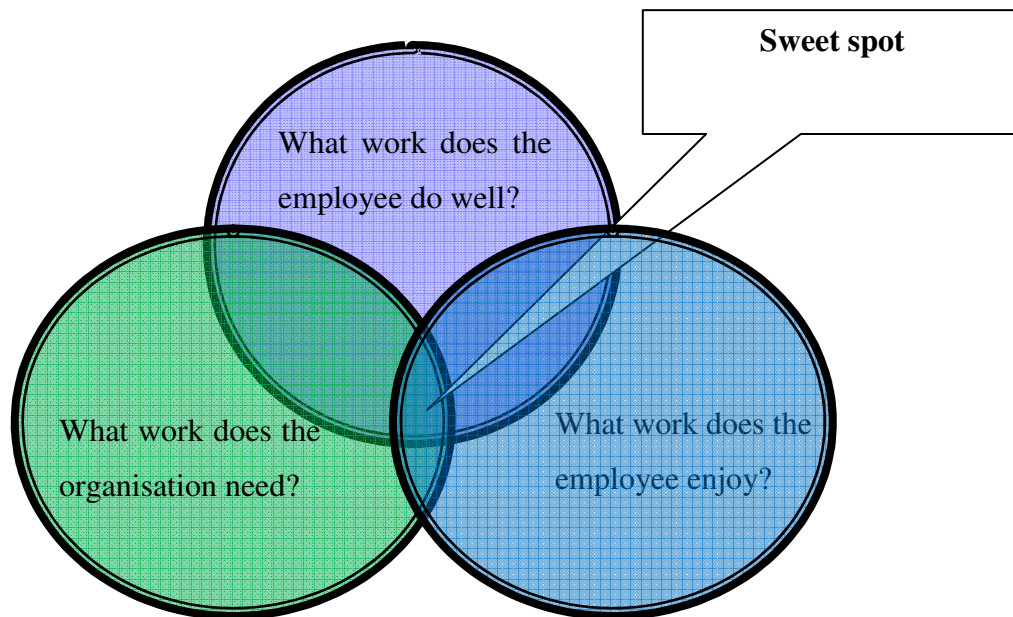

Figure 3: 'Sweet spot' model
Source: Mucha, 2004, p. 99

Mucha's (2004) model illustrates a perfect match of talent and work, which are the ideal state for business activities and individual development, and meanwhile a constant challenge for both as well. Other researchers take a similar view (Duttagupta, 2005; Stainton, 2005; Ashton and Morton, 2005), (Chuai, 2008).

The organisation benefits when all three are aligned. When people are working in their sweet spot, they demonstrate their best work and leadership. Talent management is not about promotion based on tenure or political favourites. Talent management is not about hiring likable folks, or winners. It is a constant challenge to have the right people matched to the right jobs at the right time doing the right things. Clearly, it is a disservice to put or keep people in roles that are matched to their sweet spot (Mucha, 2004: 99).

In a recent CIPD report, Tansley, *et al*, (2007) argue that TM is joined-up thinking, combining the different elements of human resourcing process in a structured approach, with its key processes supportive of each other." The authors summarise those key processes as a talent management 'loop', as Figure 4 shows.
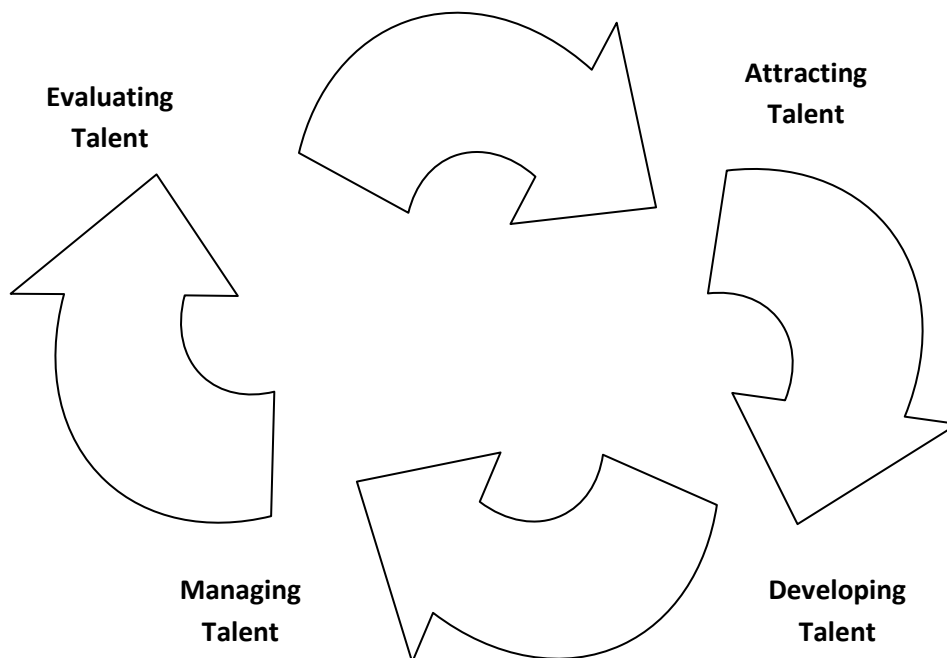

Figure 4: Talent management loop

Source: Tansley, *et al,*(2007, p. 19)

Armstrong (2006: 389-390) similarly claimed, 'There is nothing new about the various approaches contained in the concept of talent management---attraction, retention, motivation and engagement, development, and succession planning. But they are bundled together to produce a more coherent whole that can be a vehicle for the development and implementation of coordinated and mutually supporting approaches that help the organisation to get and to keep the talented people it need…the aim (of TM) is to secure the flow of talent'. Sullivan (2007) observed, 'TM produces excellent results because it overcomes the major problem of traditional recruiting, which is isolation. It instead integrates the previously independent functions of recruiting, retention, workforce planning, employment branding, metrics, orientation and redeployment into a seamless process' (Chuai, 2008: 160).

There is a common mistake that is made by most organisations that of concentrating on the two aspects of the employment value chain, namely, recruitment and retention. This approach neglects the key processes such as the nurturing, motivating and rewarding employees. The framework based on the **Develop-Deploy-Connect** cycle captures adequately the full life-cycle of an employee (see figure 5).
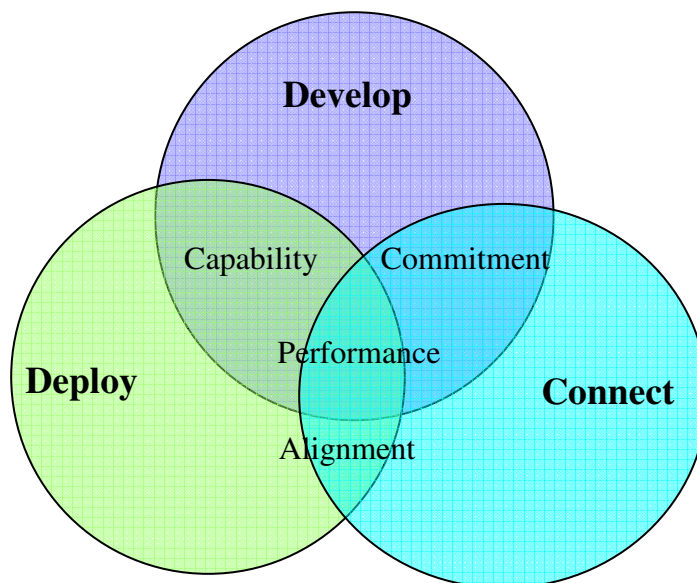

Figure 5: Develop-Deploy-Connect Model

Source: Deloitte Research – Bolstering Human Capital (Undated)

As the competition for critical talent heats up, organisations must rethink the ways they manage these people. To begin, they must identify the segments of the workforce that drive their current and future growth. Then, rather than focus on metrics and outcomes ("acquisition" and "retention"), they must concentrate on the things that employees care about most: developing in ways that stretch their capabilities, deploying onto work that engages their heads and hearts, and connecting to the people who will help them achieve their objectives. By focusing on these three things, attraction and retention largely take care of themselves (Deloitte Research Study, 2008).

Erasmus *et al*, (1998: 223), the outcome of work design is an organisation structure made up of various work units such as individual positions, sections, teams, etc. When an organisation has been operating for some time, the work to be performed by these units will already have been structured. However, even if work is not redesigned, it is still important to plan who will do the work, when, and how. It is necessary to know what kinds of competency will be needed to ensure the successful operation of the organisation over the long term.

According to Ernst & Young (2009: 2), talent management is a deliberate and ongoing process that systematically identifies, assesses, develops and retains talent to meet current and future business needs and objectives. Engen's point of view to managing talent effectively requires an integrated approach that encompasses 10 key components, which are aligned with the organisation's vision/mission/values and support business strategy and objectives to achieve desired business results (see figure 6 below):
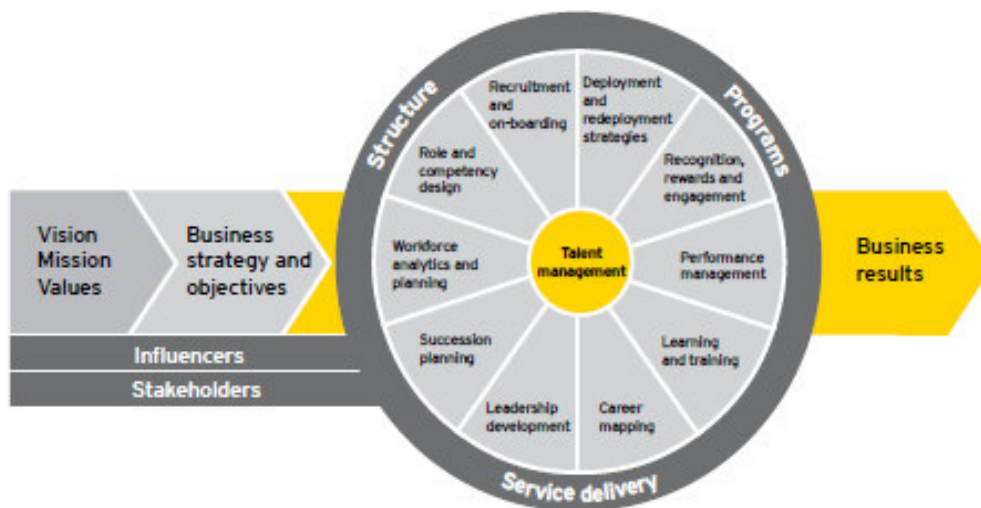

Figure 6: Talent management framework

Source: Ernst & Young, 2009

There are five key areas of the Talent Management Framework driver of the Talent Management, namely Talent Demand, Talent Supply, Discover, Develop & Deploy and Retain as shown in Figure 7 below.
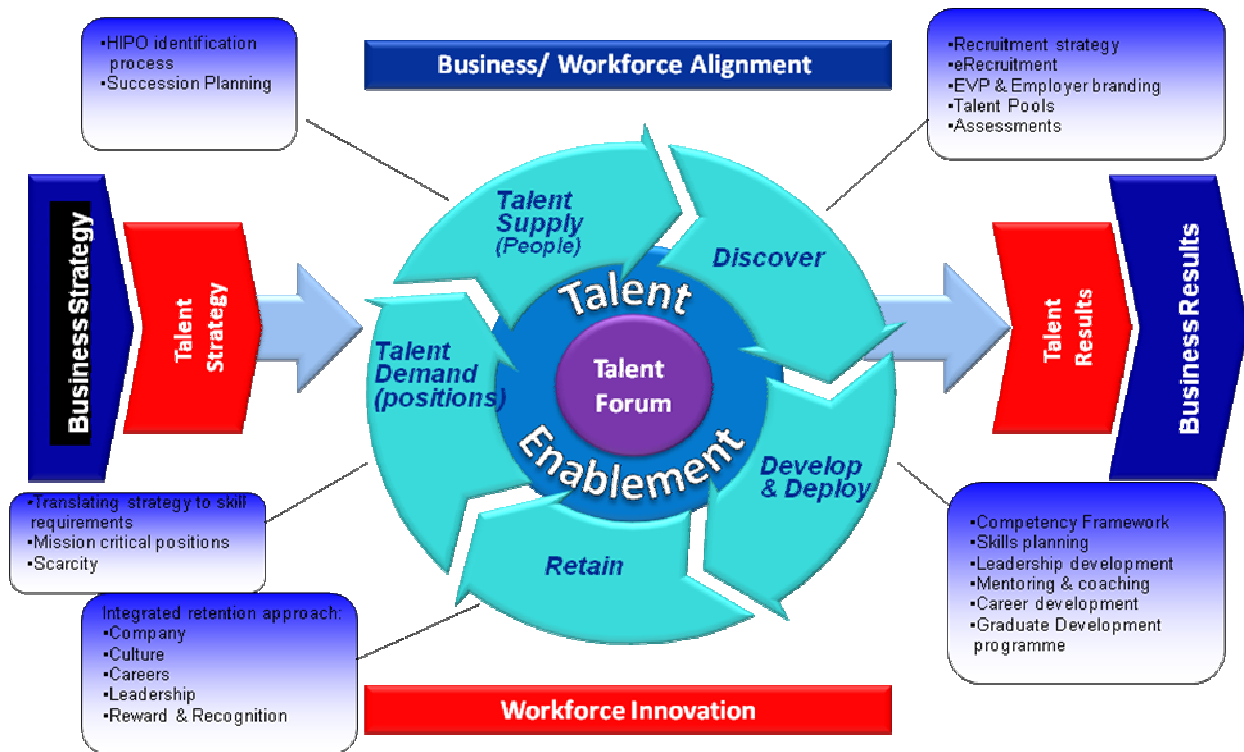

Figure 7: Engen Talent Management Framework

Source: Engen Talent Management Training Workbook, 2008b

Talent Demand

Analysis will indicate the extent to which the company can meet its requirements through its own resources. It will further assess the external environment. The two variables used are scarcity and criticality of the role. This process will lead to the identification of mission critical positions and the organisation bench strength and pipeline for these roles.

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Talent Supply

Hi-potential individuals must be identified and programmes must be developed for their growth to avoid loss due to lack of attention.

Who are the key players – using the Pareto Principle 20% of the people give 80% value. Who are they? Are they placed in the correct positions? Individual succession plans must be developed taking into account company objectives and individual aspirations.

Discover

Integrated all processes to attract and recruit good talent and ensure that talent stays engaged. Through action, the company must live up to the claims as espoused in the value proposition. Reinforcement of these values will build greater trust which will lead to the confirmation of the status as the employer of choice.

Develop

People are learning creatures and one must invest in the people continuously. Development must be aligned to company objectives and this must be reflected in the daily work. All individuals must have personal development plans.

Development must be institutionalised such that we create future leaders. Use methods such as mentoring to promote sharing and transfer of skills. Manage diversity and build on the strength of individual differences.

Retain

Jobs must be enriching and challenging at all times to keep people interested and motivated. Rewards must ensure internal equity which will be extremely competitive. Leadership must be dynamic, approachable and be able to handle challenges.

Talent management at Engen is informed by the business strategy. The programmes aims to contribute towards agreed business results. The mechanism that is followed in managing this process is the Talent Forum. The forum processes tiers up through the organisation, starting with a candidate career discussion, leading to regional/functional reviews, then to divisional review and finally to a review at the Management Committee (MC) level and this is shown in Figure 8.
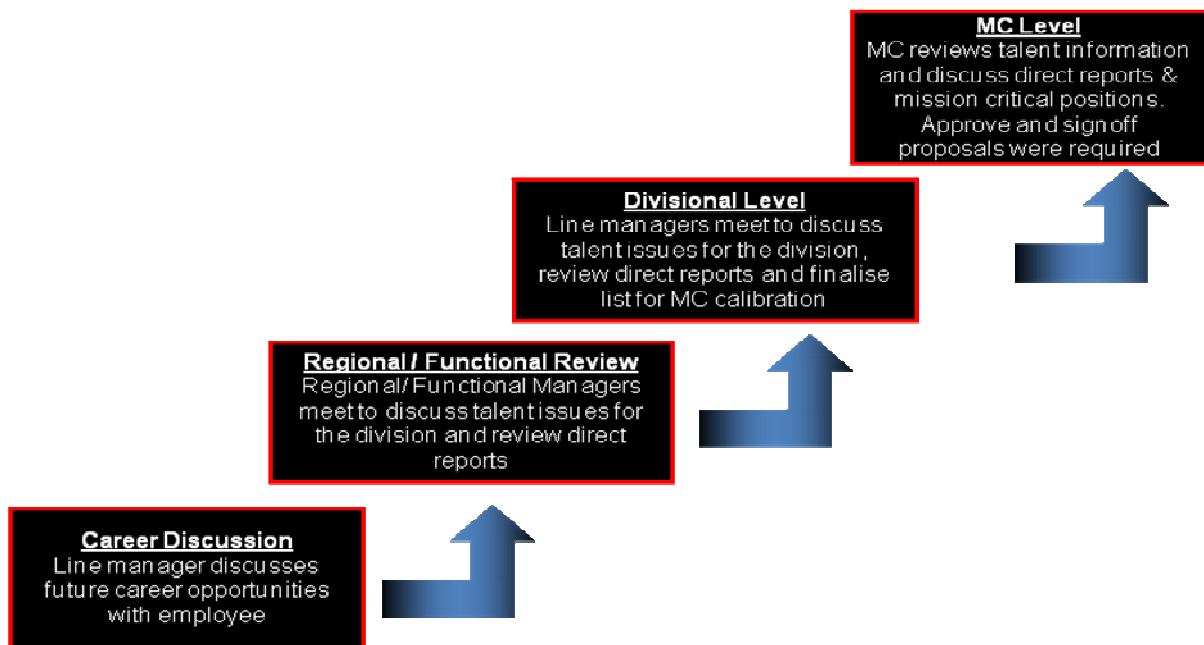
Figure 8: Talent Forums tier upwards to MC level

Source: Engen Talent Management Training Workbook, 2008b

Talent management has to be an integrated system incorporating what would be independent human resource activities into an interlinked system. The individual components have interdependencies that force interfacing thereby generating a working process. Figure 9 below, shows different components that have to be integrated to create an effective talent management programme. Different organisations will emphasise different components and sometimes use different terminology, however, in the final analysis the basic requirements for the talent management are similar, namely, recruitment, development, deployment and retention. Because the process is continuous there is the need for feedback and measurement to ensure progress and success. Finally, talent management has to be a way of life and be comprehended in the organisational values and culture.
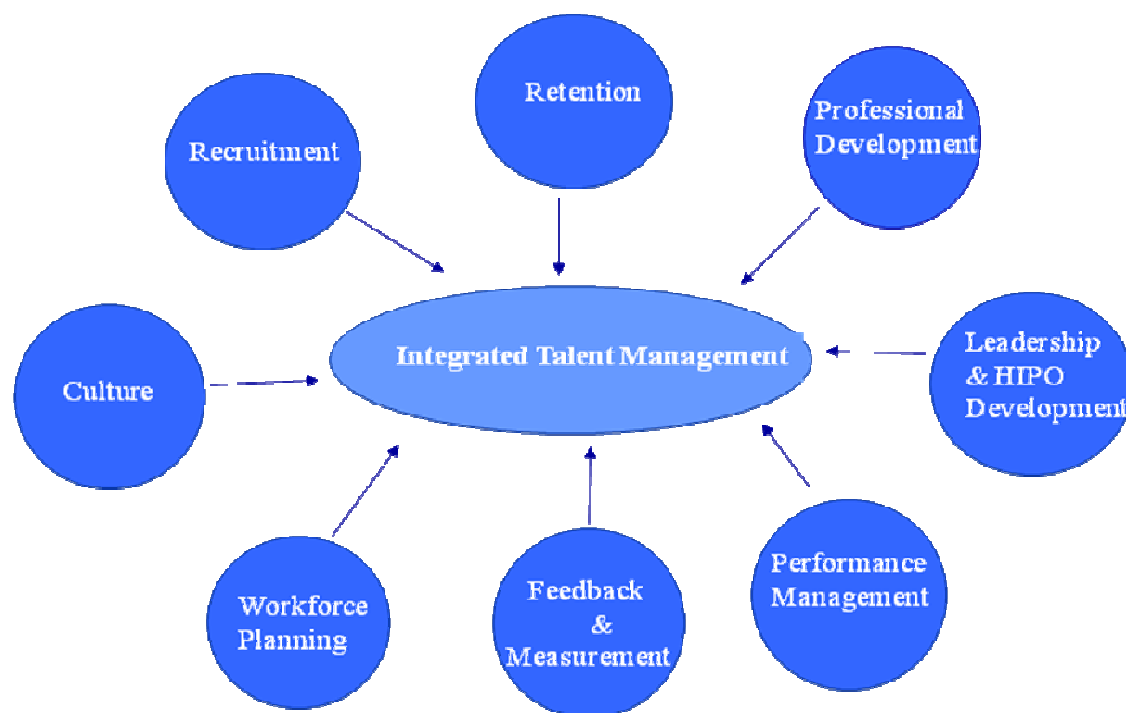

Figure 9: Integrated Talent Management Best Practice

Source: Presentation: Alignment of COE, October 2009

The integrated talent management framework recognises the distinct function of traditional human resource function. The alignment of the centres of excellence is crucial in ensuring efficient delivery of the required skills.

The integrated framework comprehends both the short term and long term components of the value chain. Each component is dependant on another and interfaces at an appropriate line and level. Successful implementation is driven by the efficiency of the relationships of the centres of excellence.

Figure 10 below shows the major activities that are done in the respective pillars of talent management and the extent of overlaps and interfaces. Different departments have specific outputs to deliver on their strategic areas of focus. The different components may appear to be stand alone in fact they are not. There are dependencies and inherent interfaces. At the centre of this framework is a 'job profile'. At Engen, the different departments are collectively referred to as the Centres of Excellence (CoEs), namely, Talent Attraction, Talent Engagement, Talent Development and Talent Rewards. These departments are supported by the shared services in the form of Payroll Administration and Funds as well as Employee Relations departments.

Figure 10: Talent management

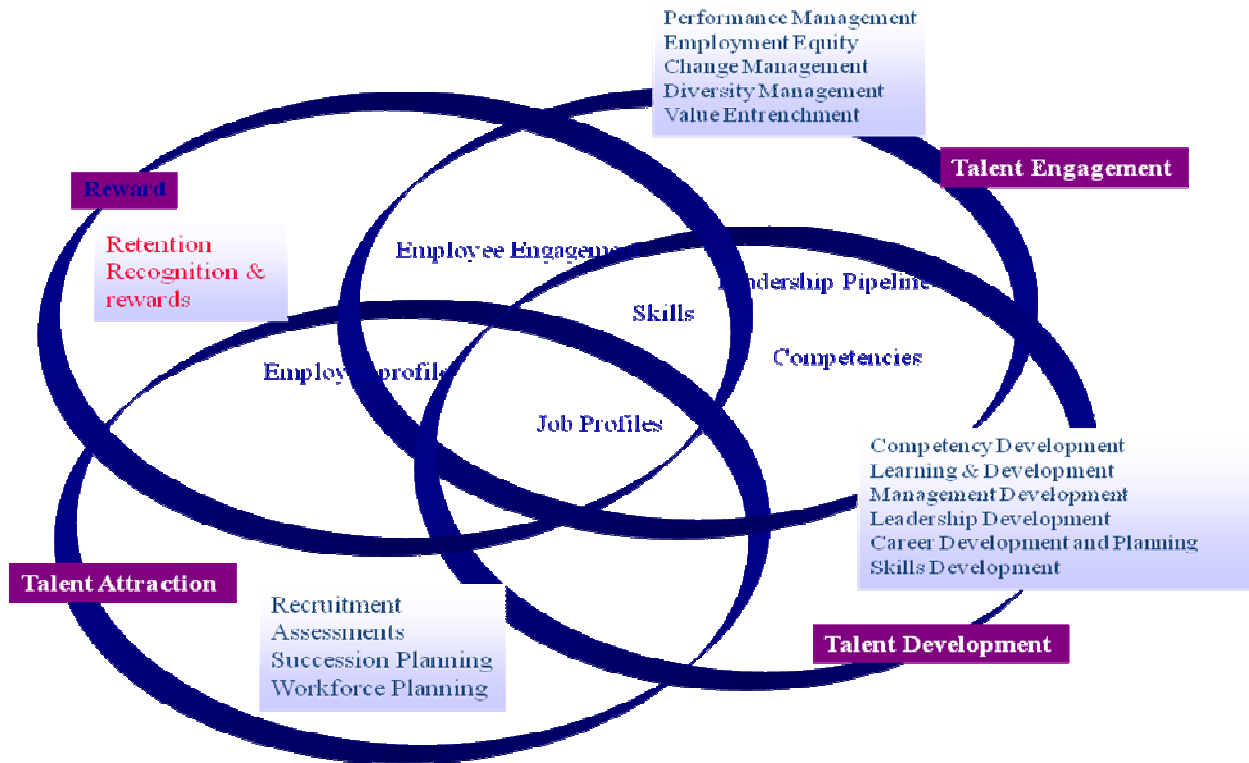**Source**: Presentation: Alignment of COE, October 2009

2.12 Talent Management in action at Engen

Engen has also taken best practice in the implementation of its talent management process and accordingly aligning it with the strategic human resources practices as shown in Figure 11.
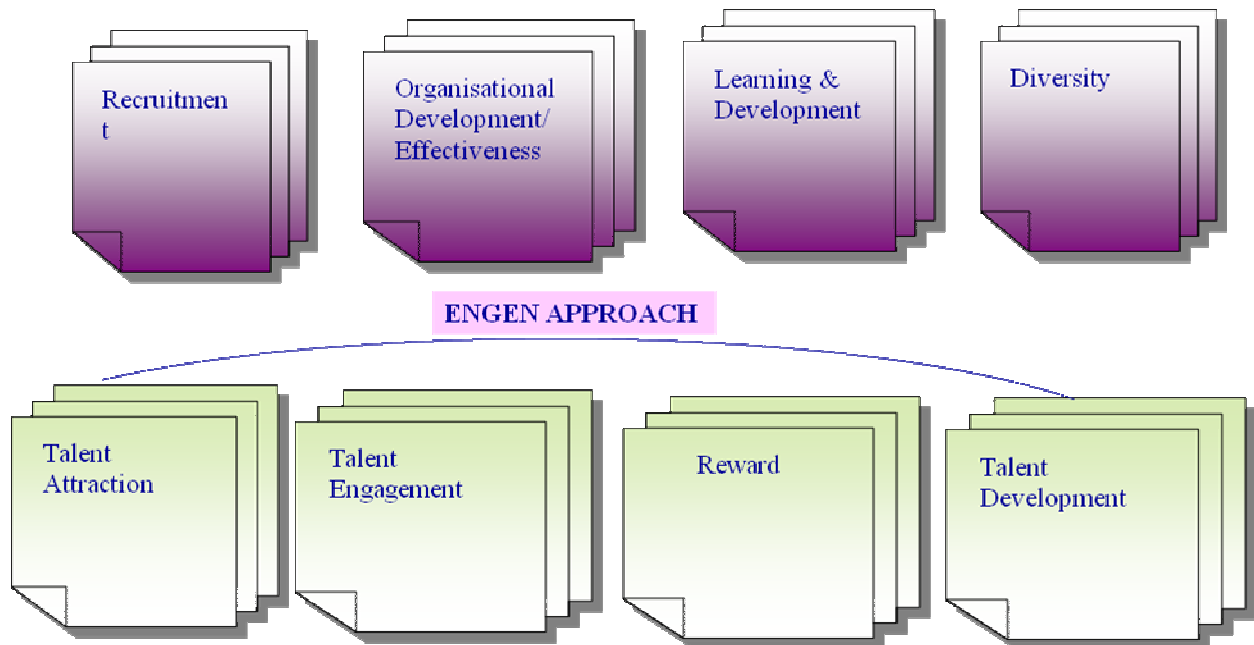

Figure 11: Talent management best practice

Source: Presentation: Alignment of COE, October 2009

The system is fully integrated, underpinned by strong data that is driven from the SAP system. The system supplies both the succession and career planning processes.

There is a robust debate on talent that is pursued at management at all levels culminating in the Talent Forum that is led by the Chief Executive Officer, of all divisional heads. These divisional heads are also members of the Executive Committee.

The Engen process is fairly new and therefore still evolving. There is now a fully developed pipeline for the support of talent requirements both current and the future.

In the past Engen sponsored students from the previously disadvantaged communities to study in the fields of finance and engineering and there was no obligation to join the organisation on completion of studies. With the talent management programme, this situation has been changed the sponsored students are now drawn in on a properly structured Graduate Trainee Programme which is a feeder to the mainstream business.

A comprehensive library of competencies based on both role and people competencies have been developed. The proper matching of people to roles is made easy and eliminates ambiguities during the selection process of people to fill vacancies.

Following from the framework as implemented by Engen, the above diagrams reflects both best practice and Engen's talent management framework components.

In conclusion, the framework that has been adopted by Engen has not deviated from the world best practice. As can be seen from Figure 11, the two frameworks are comparable and aligned. Effron says: "Successful talent management is about understanding the firm's core business objective and then creating a simple talent management solution that responds to that." (Russell Reynolds Associates, 2008: 4).

2.13   Summary

The idea of talent management is not new—it is simply the binding together of many previously distinct HR disciplines as a means of harnessing human assets to drive business results.

But its practice is more sophisticated, complex and demanding than ever, and the professionals armed with the required skill set and experiences are in great demand. In other words, there is not enough talent in talent management (Russell Reynolds Associates, 2008: 6).

Once companies have identified the business-critical functions and assigned "A" players to those roles, they should give those teams room to manoeuvre and exert influence at the strategic level (Russell Reynolds Associates, 2008: 2). They also argues that having a strong team can make a firm more competitive globally; however, hiring the "best" without giving them the resources to execute is a waste of resources and will only result in high rates of executive turnover (Russell Reynolds Associates, 2008: 3).

First and foremost a common framework will bring about a common understanding to all. There will be a common definition of what success is. The model compels management to assess the current status and to project future requirements of critical and general skills. Roles are classified according to mission critical, positions, core position and support.

Following on the above, is understanding the current capacity and also projecting future requirements in terms of skills. Because the business strategy defines fully and comprehensively the future direction and the chosen business areas, talent management must as a necessity attract, develop and retain appropriate skills.

This process will help in identifying exactly the sources of supply for the required skills, e.g. internally or externally. The tool will also assist in identifying skills gaps that exist and the required interventions.

The Engen talent management model is demand-driven; this means that when doing the gap analysis the key criteria will be the criticality of the role and the scarcity. This assessment will confirm the cost, the importance and also the identification of areas where bench strength is essential. A talent pipeline will be influenced by this assessment.

The risk of ready replacements will be minimised when the system is fully operational. The pipeline will be created by a combination of activities such as internal succession, external recruitment, accelerated development and normal development that will start at the student level who are awarded bursaries on the basis of projected future demands.

Key to the successful implementation is the strong change management drive. Implementation will have to be simultaneous in all business divisions, cascaded down by job levels. The impact must be felt throughout the organisation. A dedicated Talent Manager must drive the programme by doing the initial presentations to all senior managers in their respective management teams to ensure consistency of message to avoid different interpretation and emphasis.

Talent management is a new discipline with very few documented successes globally. The rarity is even more pronounced in South Africa. Whereas a handful organisations have moved to adopt talent management in South Africa not all have followed best practice. Some have continued to separate and isolate the different activities such as SABMiller.

One company that stands out the best model is British American Tobacco (BAT). Their system is fully integrated and also linked to the rest of the operating affiliates across the globe. The BAT model is also an enabler of talent mobility within the group. All their processes are fully documented to ensure common understanding.

Finally, there is consensus globally among researchers and scholars that there is a need for Talent Management in organisations both in the public and private sector. Different writers also agree that basic functions of human resources are still relevant today as they were in the past.

The point of emphasis in talent management is the linking of all these functions into one effective process. The human resource functions used to operate in silos with complete disregard for each other.

Talent management and the framework adopted will be influenced by both internal and external factors such as own bench strength, availability of skills in the market. South African environment is further compounded by issues of transformation and general shortage of key skills such as in engineering.

Chapter 3

Research Methodology

3.1 Introduction

This chapter will give the research framework that is used in this study, the research design, the data collection procedure, the instruments used, the profile and spread of our sample and finally methods for data analysis.

3.2 Rationale for the study

The study explores the role and impact that is created to an organisation through the implementation of an integrated Talent Management programme. The study further assesses the bottom line contribution made by successfully implementing the Talent Management for the benefit of the stakeholders.

The analysis will further reveal positive impact of Talent Management to improved employee performance and the importance of Talent Management in retaining critical skills.

3.3 Research design

Mancosa (2005) cited in Mpungose (2006: 50), defines research design as the systematic planning of research, usually including the formulation of a strategy to resolve a particular question; (2) the collection and recording of the evidence; (3) the processing and analysis of these data and their interpretation. There are essentially two schools of thought about science and knowledge that are used in primary research: the quantitative or deductive approach and the qualitative or inductive research.

A research design is a master plan specifying the methods and procedures for collecting and analysing the needed information (Zikmund, 1997: 48).

Research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis if data. A structure is the framework, organisation, or configuration of the relations among variables of a study. A research design expresses both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relations of the problem (Cooper & Schinder, 2003:146).

3.3.1 Research Philosophy

The study is descriptive in nature describing what Talent Management is (for it is a relatively new phenomenon) and analysing its implementation and effectiveness as a strategic tool in enabling the organisation to deliver on its strategic objectives.

Saunders et al (2003) cited in Mpungose (2006) argues that quantitative research emphasises scientific principles and moves from theory to the collection of quantitative data. It entails the development of a theory that is subjected to a rigorous test. It uses a highly structured approach where the researcher is independent from what is being researched. In other words, it is data expressed as numbers. Quantitative research highlights the need to explain causal relationships between variables.

A quantitative approach was adopted because of the need to reach out to a wide population consisting of top management, senior managers, skilled and professionals and semi skilled employees. The proposition of this study is that talent management is the imperative in generating value for the shareholders. Quantitative research has the advantage that findings can

be generalised to a larger population so long as valid sampling and significance techniques have been used. Quantitative research was carried out through a survey using structured questionnaires.

3.3.2   Target Population

The population of Engen is three thousand seven hundred and two (3702) comprising the following occupational categories: Top Management (Level 2), Senior Management (Level 3), Skilled and professionals (Levels 4 and 5) and semi skilled (Level 5). This is further divided into permanent and fixed-term contract employees. The sample of the study will be drawn from any of the following 3702 employees.

3.3.3   Sampling

Sampling is the selection of a number of cases or elements of a population with a view to conducting a research, thereby engaging them to respond to questions either in questionnaire or in interview format. According to Saunders et al. (2000:51) sampling is a valid alternative to a census due to it being quicker and cost effective from the point of view of time and practicalities. Sampling techniques provide a range of methods that enable the researcher to reduce the amount of data needed by considering only data from a sub-group rather than all possible cases or elements (Saunders et al., 2003).

The study adopted a probability sampling approach based on stratified sampling. Stratified sampling was deemed appropriate because Engen has various employment levels and categories and such would assist in obtaining a representative response from employees in the various levels. To test the study, a sample size of ten (10) employees was used.

3.3.4   Research Instruments

Only the questionnaire research instrument was used.   The questionnaire was developed taking into consideration the literature review. The data collection method was questionnaires because, like Creswell (2003) explains, questionnaires allow the researcher to collect a large volume of information on a limited budget and in a short time (Sample files masters dissertation… 2009). Before administering the questionnaires to participants, the questionnaire was pilot tested on a sample of ten participants. As a result of this pilot, few amendments were made on the questionnaire. Each questionnaire was accompanied by a covering letter explaining the purpose of the questionnaire and assuring of confidentiality for any responses given.

The Likert-style rating scale was used in the questionnaire. The respondents were asked how strongly they disagreed and agreed with a series of questions and/or statements on a five-point rating scale. On a five-point scale, a 5 stands for strongly agree, a 4 for agree, a 3 for neutral, a 2 for disagree and a 1 for strongly disagree.

Table 3.1 below shows the category of participants who were requested to participate in the survey:

Occupational Level	Administered
Top Management (L2)	7
Senior Management (L3)	76
Professionally Qualified & Middle Management (L4 & L5)	143
Skilled Technical & Junior Management & Semi-skilled (L5)	102

Table 3.1 Survey participants

3.4   Data analysis

According to Saunders *et al*. (2000:326), virtually all research contains some numeral data analysis of one form or another. This is more relevant in the questionnaire for this study as it is quantitative in nature. Quantitative analysis techniques of Excel spreadsheets and graphic representative known as pie charts were employed to show the frequency of occurrence through establishing statistical relationships between variables.

This study investigates as to whether talent management as a strategic imperative can generate sustainable shareholder value. The aim of this study is to provide Engen with an integrated framework on managing the human capital. The primary objective of this study is to examine and analyse the current challenges in the management of talent.

3.4.1   Quantitative data analysis

After quantitative data has been collected by methods outlined above, the data will be then checked for accuracy by examining inconsistency or contradictions within the data, analysing the response rate and comparing the responses with the data emanating from other data sources. The data will then be translated into meaningful tables, graphs e.g. pie charts to vividly capture the responses. The computer package SPSS and Excel will be used in the manipulation and display of the collected data into various forms which include graphs, tables, and pie charts. Each diagram will be clearly labelled to reduce chances of misrepresentation. The key aspects that will be included in the data are specific values, highest and lowest values, trends over time, proportions and distributions.

3.5.   Face validity

Dillman, (2000) cited in Mpungose (2006) argues that validity addresses the issue of whether the researcher is actually measuring what he/she has set out do; it is concerned with the soundness and effectiveness of measuring instruments and the degree of accuracy of that measurement so that the findings can be generalised.

The questionnaire was compiled after the literature review was done. It (questionnaire) was given to all senior HR professionals at Engen for a peer review, input and to ascertain as to whether the instrument will measure what it is intended for. Errors and flaws identified during this process and were accordingly effected on the questionnaire.   A pilot was conducted with a sample of ten employees.   Their input and comments were used in the refinement of the questionnaire.

3.6   Reliability

Mancosa (2005) cited in Mpungose (2006) again argues that reliability of a research instrument refers to the consistency or repeatability of the measurement of some phenomena. This view is also supported by Zigmund (1997: 340) who argued that reliability applies to a measure when similar results are obtained over time and across situations. He broadly defined reliability is the degree to which measures are free from error and therefore yield consistent results.

A pilot study was conducted following which comments and inputs were received from the participants. Following the pilot study the questionnaire was administered to all the respondents.

3.7   Values

Participation in this study was voluntary and assurance was given to participants that their responses will be treated with anonymity and confidentiality which is in line with the fundamental ethical considerations relating to responsible research.

3.8   Summary

This chapter explored the research design and how data was actually collected and analysed using the quantitative methodology. It is believed that the data collection techniques employed were adequate to generate valid and reliable data. The results of the data collected by the methodology outlined in this chapter are detailed.

Chapter 4

Data Analysis, evaluation and findings

4.1   Introduction

This chapter will concentrate on the analysis of data, evaluation and the findings.

The data was gathered and was put onto Microsoft Excel and SPSS for analysis for purposes of examination and evaluation.

Section A of the questionnaire collected biographical data such as gender, qualification and length of service. This section gathered information on the background of the respondents including length of service with Engen. Closed questions and statements were used in this section.

Section B of the questionnaire comprised of structured questions answered using a five-point likert scale. This section covered a mixture of statements based on the literature on talent management. These statements were also based on the major components of talent management. The data collected was based on the perceptions of the targeted respondents

4.2   Survey results

The results presented in this study are based on the views of 85 study participants who responded to the survey questionnaire that was distributed. The questionnaires were distributed and returned to the researcher through Engen's e-mail system.

4.2.1 Profile of survey participants

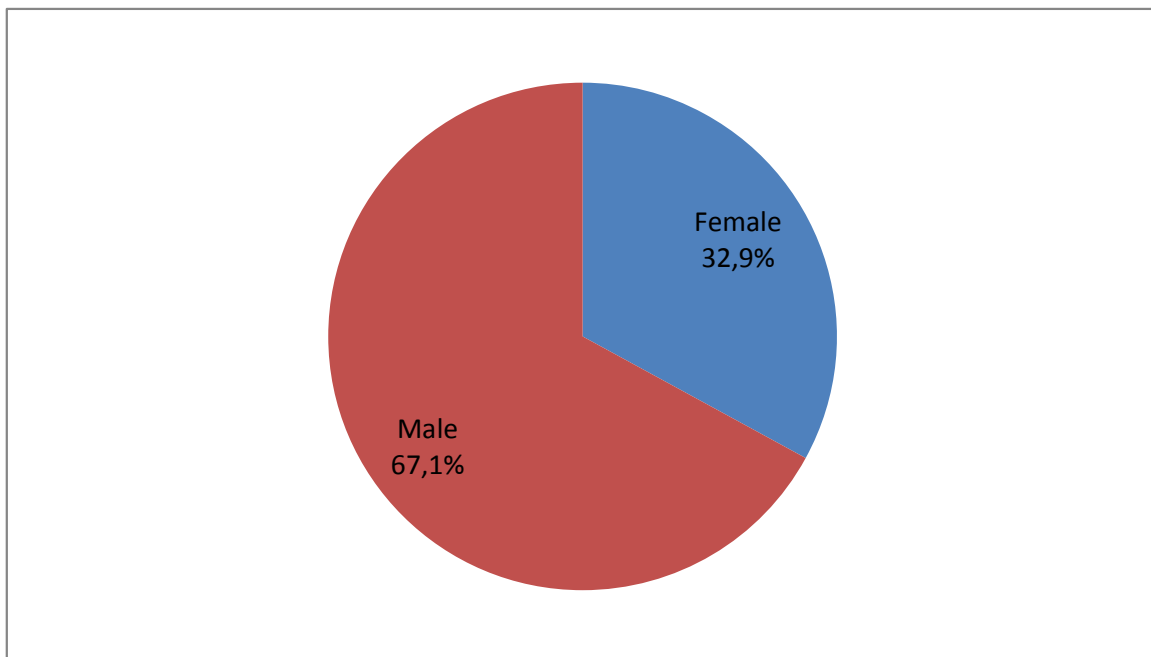**Figure 12: Gender distribution of survey participants**

Figure 1 shows that 67,1% of Engen employees who participated in the survey are male while women accounted for 32,9% of the survey participants.

The gender split on the survey is the reflection of male dominance in the company. Any talent programme that is implemented would have to recognise this aspect of the gender profile. A successful talent management programme would have to recognise the legacy of the past which is reflected through male dominance. Critical in going forward is a deliberate effort to increase the number of female employees especially in core and critical positions.

Figure 13: Survey participants by sex and highest qualification

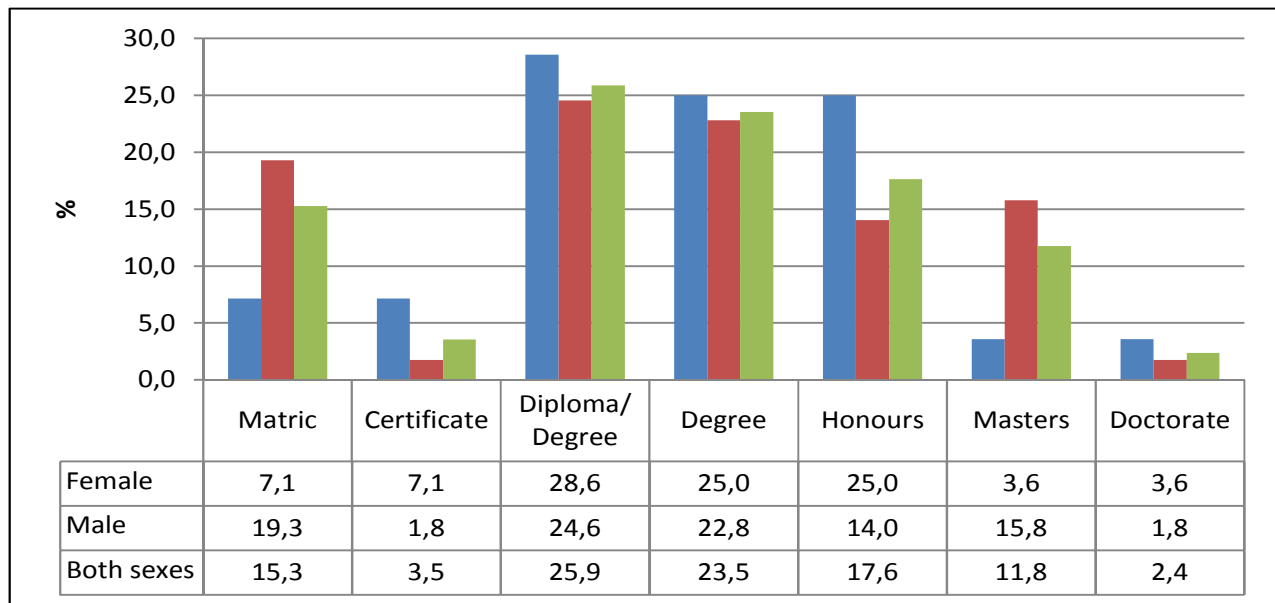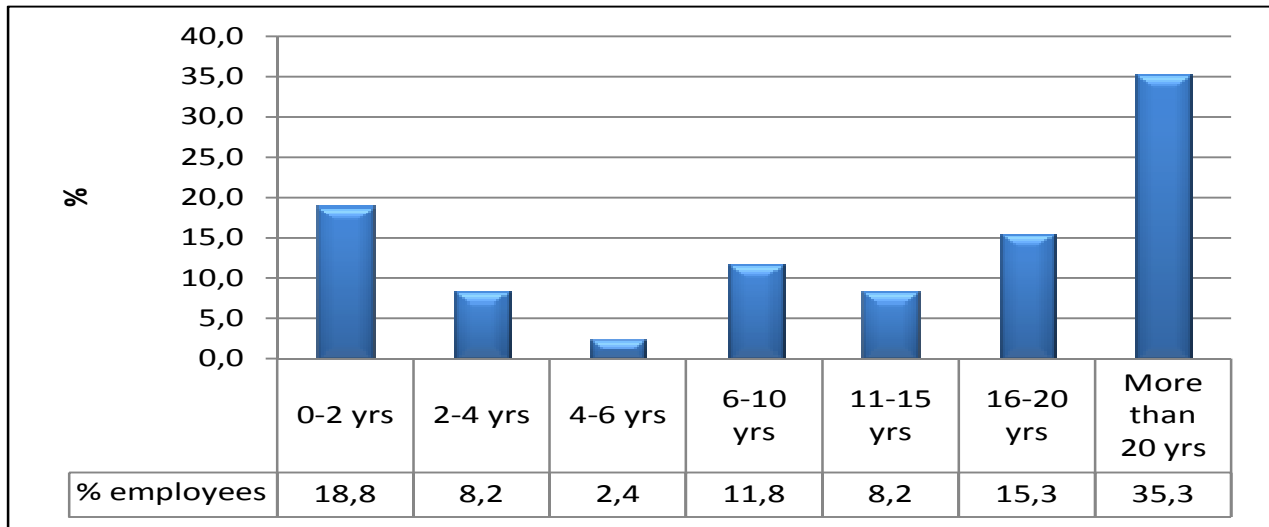|	Matric	Certificate	Diploma/ Degree	Degree	Honours	Masters	Doctorate
Female	7,1	7,1	28,6	25,0	25,0	3,6	3,6
Male	19,3	1,8	24,6	22,8	14,0	15,8	1,8
Both sexes	15,3	3,5	25,9	23,5	17,6	11,8	2,4

Figure 2 shows that 15,3% of Engen employees who participated in the study had matric as their highest qualification and 31,8% have post-graduate qualifications. There are variations in the educational profile of the employees of Engen who participated in the study when gender is considered. A larger proportion of the men (19,3%) than women (7,1%) had matric as their highest qualification. In the higher levels of educational qualification, women dominate except for those who hold the masters degree where more men (15,8%) than women (3,6%) hold this qualification.

Figure 14: Duration at Engen

	0-2 yrs	2-4 yrs	4-6 yrs	6-10 yrs	11-15 yrs	16-20 yrs	More than 20 yrs
% employees	18,8	8,2	2,4	11,8	8,2	15,3	35,3

The largest proportion (35,3%) of the respondents has been working for Engen for over 20 years, while the smallest proportion (2,4%) has been with the company for 4-6 years. A sizeable proportion (18,8%) has served the company for less than 2 years.

The importance of this finding is that there is a large proportion of employees that are old around the baby boomer group who may be occupying mission critical positions. It is therefore critical that a structured programme of skills transfer is developed and monitored to avoid loss of skills. Talent management would therefore ensure that skills transfer does happen from the ageing employees to the young.

This would happen through the identification of people that are due to retire in the next five years especially those that are occupying mission critical positions and then develop a succession plan for them. Development of succession plans for replacement of exiting employees is essential for sustainability.

4.2.2 Talent management

4.2.2.1 Questionnaire responses

Question 1:   All employees are participants in the Talent Management Programme.
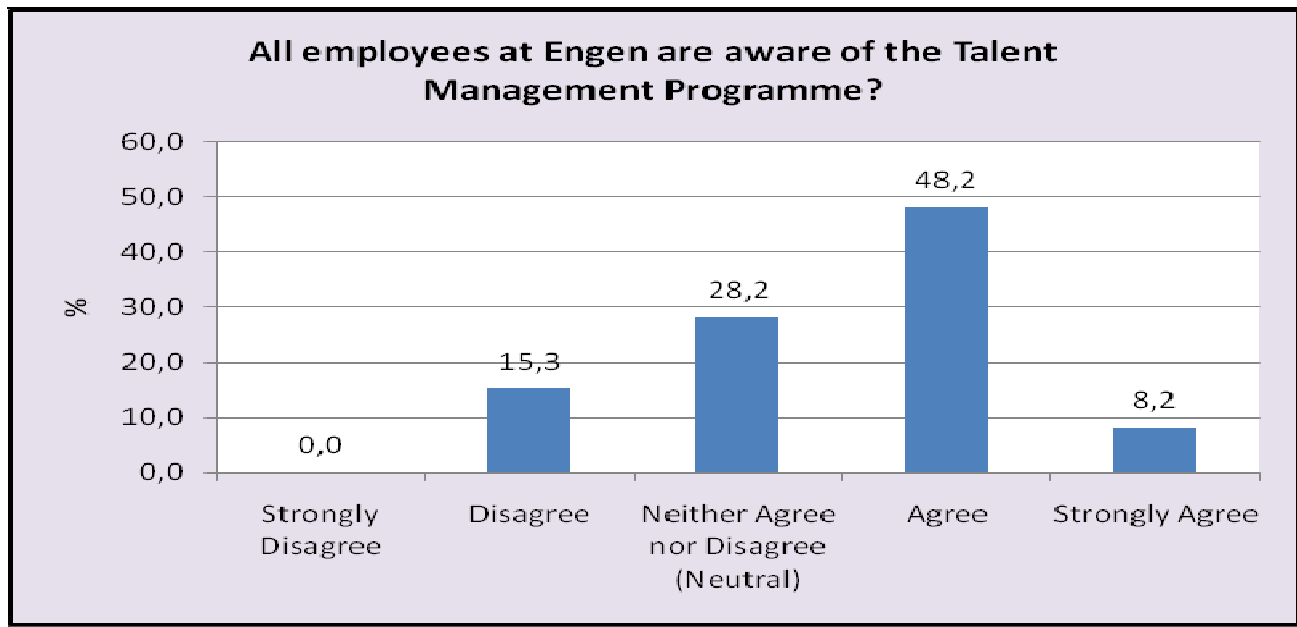

Only 25% of Engen employees agree that all employees are participants in the talent management programme, with only 3,5% strongly agreeing with the statement; 35,3% disagree with the statement; while the large share (36,5%) of employees who participated in the survey were indifferent.

The lack of awareness or low levels of awareness are further confirmed here where employees are not certain about who the participants are.

For talent management to be successful, ownership has to go beyond the human capital division. Line management must be the custodians of the day-to-day activity such as coaching, contract management, target setting and engaging. Transparency of the process will further enhance the credibility of the programme.   If ownership of the programme is not expanded beyond the current participants, it will fail to achieve its objectives.

Question 2:   All employees at Engen are aware of the Talent Management Programme

All employees at Engen are aware of the Talent Management Programme?

Fifty six percent (48.24% agreed and 8.24% strongly agreed) are in agreement that they are aware of the talent management programme. Fifteen percent of respondents disagreed that they aware of the talent management programme and twenty eight percent neither agreed nor disagreed.

More than half (56,4%) of Engen employees agree that all employees at Engen are aware of the talent management program while rest disagree with the statement.

Awareness levels of the talent programme are lower than the awareness levels of the business strategy. One can conclude that the link between business objectives and talent management is not as strong. It is possible that some employees may not be convinced that their individual roles are important in the process of achieving business results.

There is a gap in the current implementation which is a concern and a weakness. The company must ensure that an effective programme of educating and informing staff is embarked on.

Question 3:   Can talent management assist Engen in attracting 'TOP TALENT'?
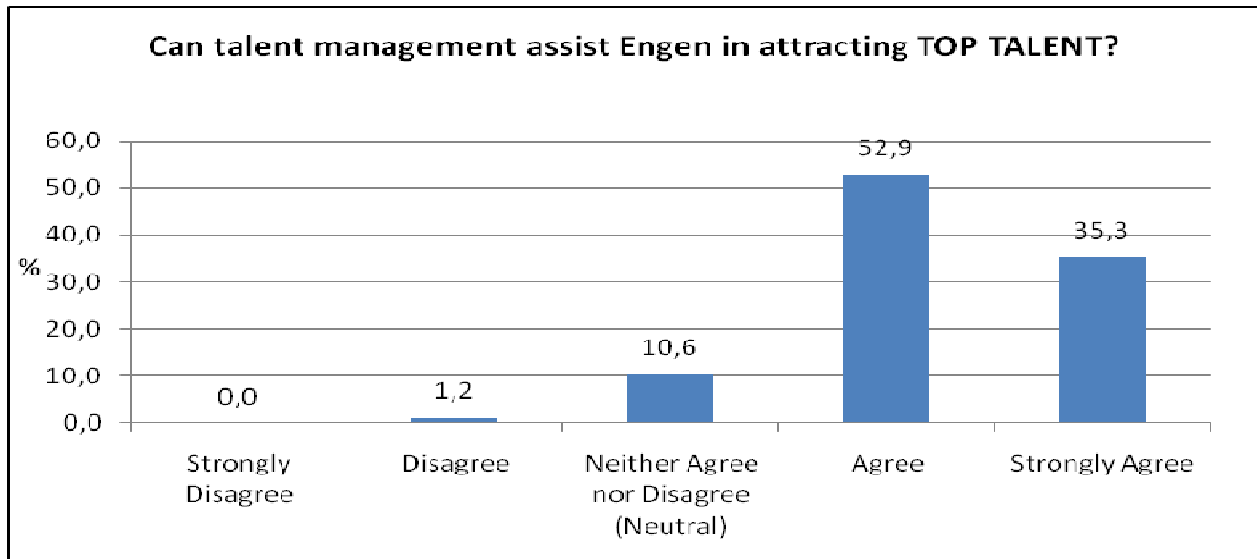

Eighty eight percent of respondents (52.94% and 35.29% agree and strongly agree, respectively) are in agreement that talent management can assist Engen in attracting 'Top Talent'.

There is broad consensus on the ability of talent management as a strong mechanism for the attraction of 'Top Talent'. This therefore suggests that Talent management is viewed in general as a tool/instrument that can be used to attract 'Top Talent' into the organisation

In general, Engen employees believe that talent management can assist the company in attracting top talent with 35,3% of then strongly agreeing with the statement and 52,9% agreeing with the statement. Only 1,2% disagree with the statement while 10,6% of the employees did not have any view in this regard.

Happy employees will always be positive ambassadors of a company. Talent management that is transparent and linked to business results and based on challenging jobs will undoubtedly attract good people.

Question 4:   Can Talent Management be a catalyst in the development of a new culture of honesty and openness?

Can Talent Management be a catalyst in the development of a new culture of honesty and openness?

|	
Strongly Disagree	1,2
Disagree	8,2
Neither Agree nor Disagree (Neutral)	31,8
Agree	43,5
Strongly Agree	15,3
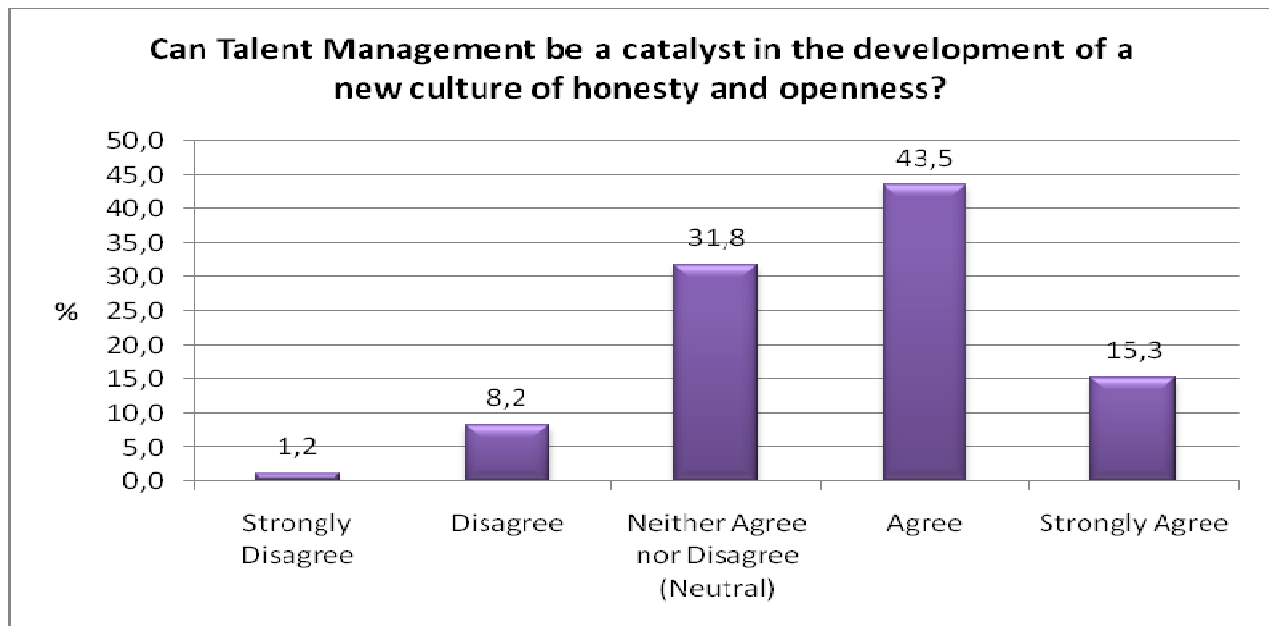
Fifty nine percent (44 % agree and 15 % strongly agree, respectively) are in agreement that talent management can be a catalyst in the development of a new culture of honesty and openness while nine percent disagreed (8% and 1 % disagreed and strongly disagreed). Thirty two percent of respondents neither agreed nor disagreed.

Employees wish to be taken into the confidence of their company. They would like to be treated as adults. Discussions that take place during the talent forum must be objective and must be fed back to the employees.

A mechanism has to be developed for employees to be able to feedback to management their thoughts on the state of the business and on how they are managed. Too much confidentiality can result in low levels of trust and poor confidence levels. Both good and bad news must be communicated to increase confidence and trust. This communication must go both way up and down.

Question 5:   Can Talent Management help Engen in achieving the Employment Equity objectives?
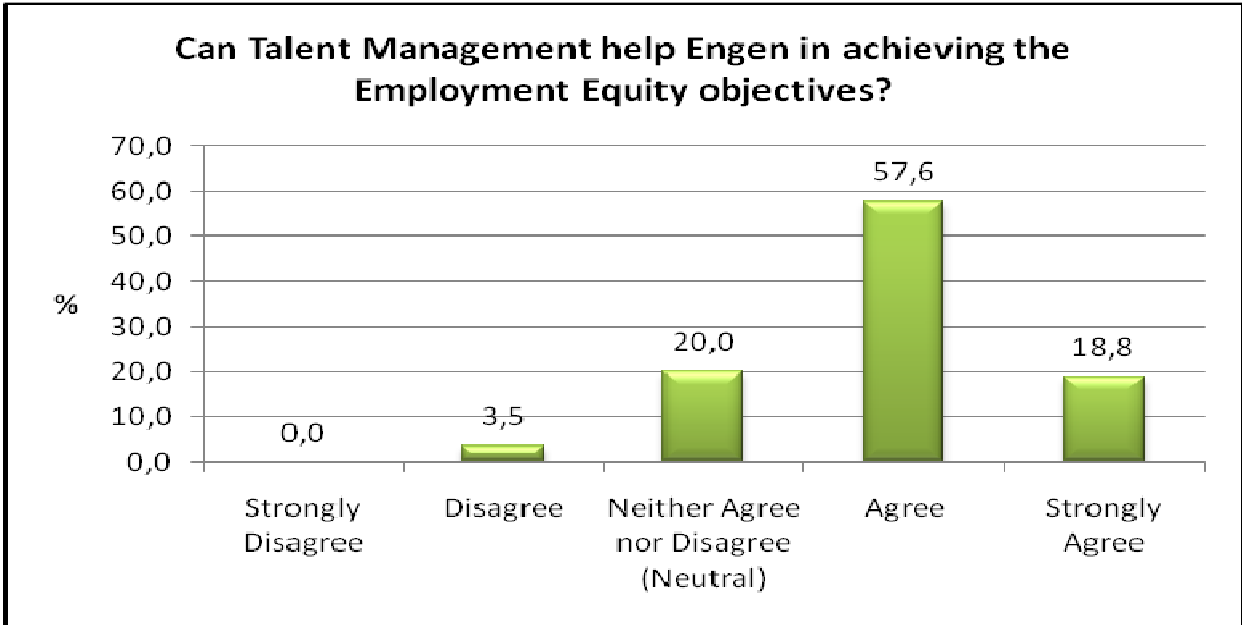

Seventy six percent (57.65% and 18.82 % agreed and strongly agreed, respectively) are in agreement that talent management can help Engen in achieving its employment equity objectives. Three percent of respondents disagreed that talent management can help Engen achieve its employment equity objectives while twenty percent neither agreed nor disagreed.

More than three quarter of respondents (76.4%) agree that if properly effected talent management could also improve diversity in the company.

We noted earlier among the respondents the large number of baby boomers who have started exiting employment because of age. This presents an opportunity for targetted recruitment especially of people from designated groups.

Question 6: Future skills requirements will be determined by the Talent Management process
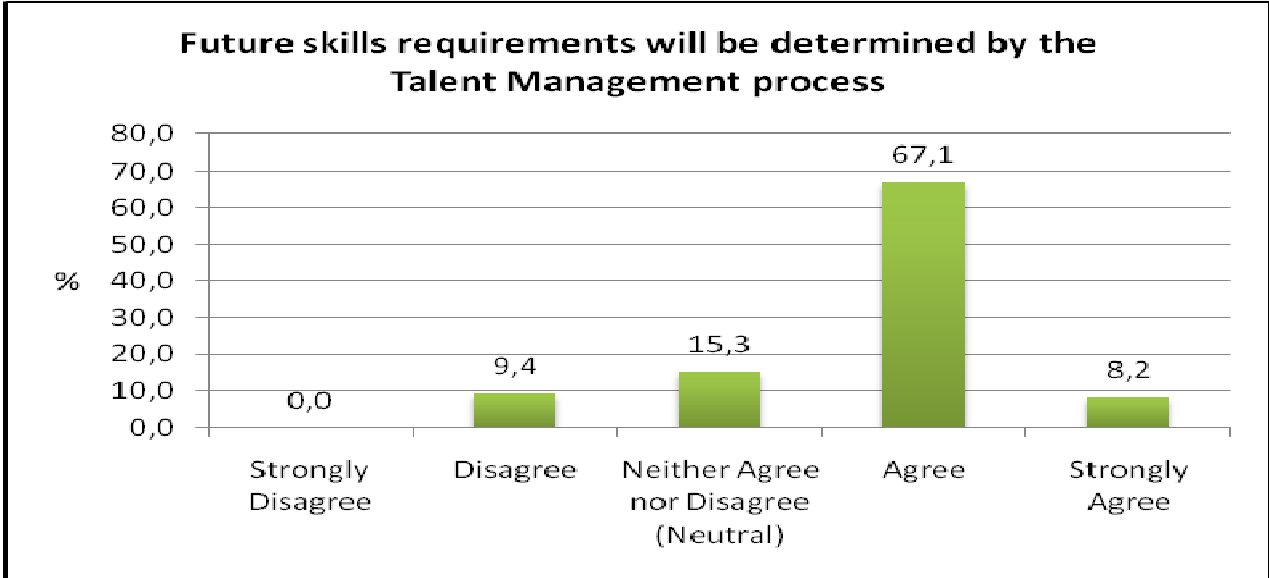
Seventy five percent of (strongly agreed (8.24%) and agree (67.06%)) of respondents are in agreement that the future skills requirements will be determined by Engen's talent management process while nine percent disagreed. Fifteen percent of respondents neither agreed nor disagreed that future skills requirements will be determined by Engen's talent management process.

The results from the majority of the employees shows that skills planning is crucial if an organisation wants to have competitive advantage. The implication of these results is that Engen has succeeded in its skills planning process which is informed by its talent management which determines the future skills required by the company to compete successfully. The challenge for Engen leaders will be to ensure that the talent management process is a live process owned by everyone in the organisation.

Question 7: If implemented effectively, Talent Management could serve as a retention tool.
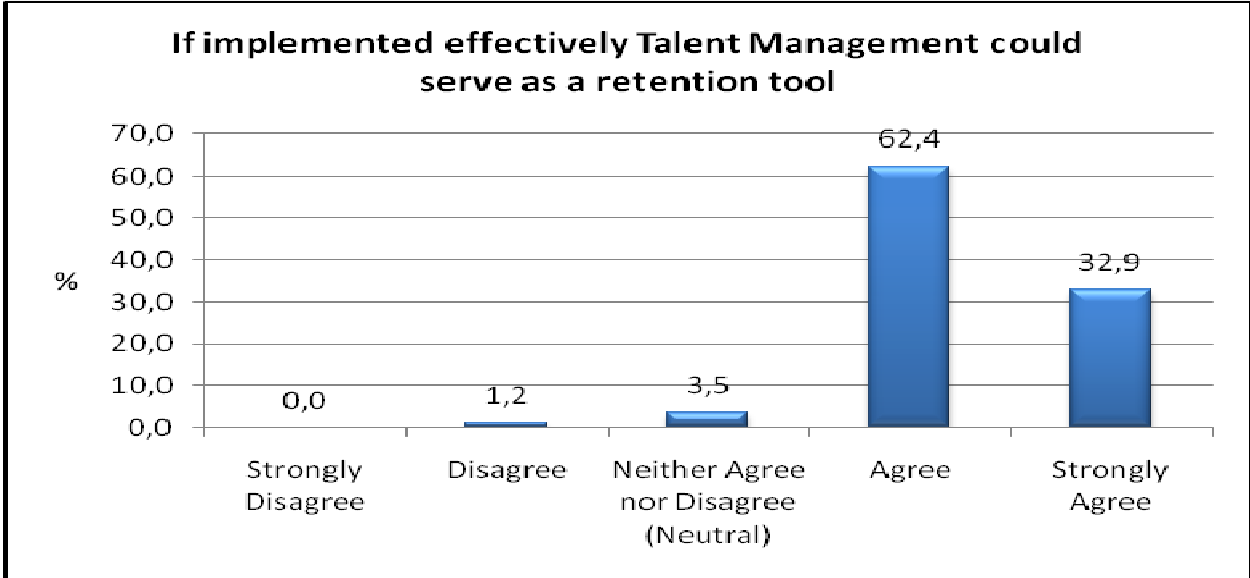
Ninety five percent are in agreement that if implemented effectively, talent management could serve as a retention tool.

The results from the overwhelming majority of respondents indicate that talent management can serve as a retention tool if executed effectively. The implication of this is that talent is a key differentiator for companies in achieving its goals and objectives and remaining relevant in a highly competitive environment. Therefore, retention of such talent is of crucial importance for the company. Engen leadership has started off exceptionally well in implementing the talent management process. The challenge for the leadership will be to ensure that the momentum for the implementation of the talent management is not lost.

Question 8:   Is Recruitment, engagement, development and retention the driving forces of Talent Management?
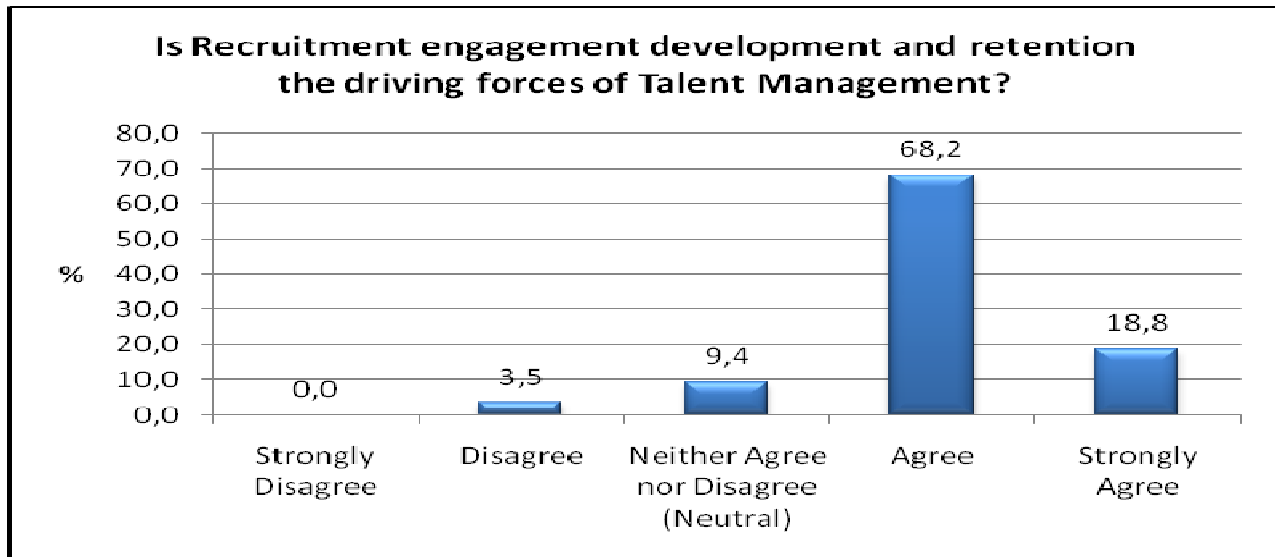
Eighty seven percent (68% agreed and 19% strongly agreed) are in agreement that recruitment, engagement, development and retention are the driving forces of talent management.

The results indicate that the majority of respondents are aware that talent management is driven by talent attraction, talent engagement, talent development and talent retention. The implicaiton of this is that Engen leaders have entrenched the ethos of talent management and its implementation. If the right talent with the right skills is recruited at the right time in the right jobs, the objectives and the goals of the organisation will be achieved. If the objectives and goals of the organisation have been achieved, this will have a positive impact in the shareholder value.

The challenge for management is to ensure that the elements of the talent management framework are not applied in isolation. Talent management is about a process rather than an event, there is interdependency in the different elements and all are important.

Question 9: Is Talent Management appropriate for managing 'high performing' employees?
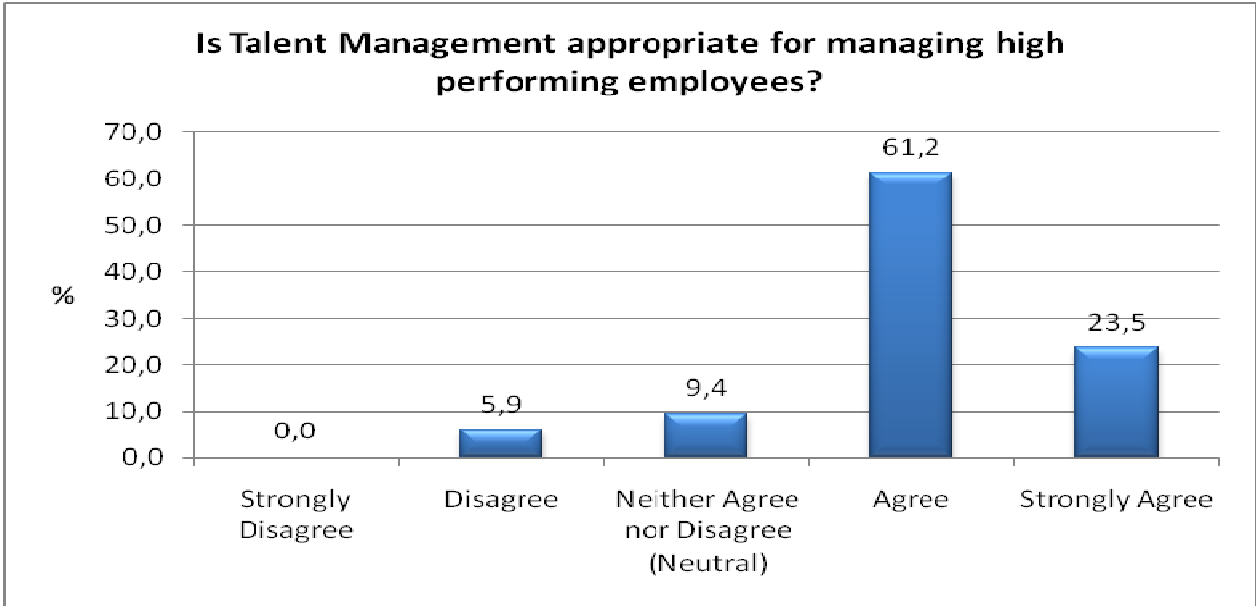
Eighty four percent (61.18% agreed and 23.53 % strongly agree of respondents) are in agreement that talent management is appropriate for managing 'high-performing employees' while 5 percent disagreed.

The majority of the employees also believe that talent management is an appropriate tool for managing high performing employees. Only 5,9% of the Engen employees disagree.

Alignment to business results of the objectives of the talent programme serves as a key driver of performance. To drive high performance targets must be stretch, realistic and attainable. Non stretch targets are a de-motivator and can drive improper behaviours.

Equally when targets become too impossible to reach could also serves as a de-motivator. Higher performers thrive in challenges and therefore the programme should ensure this engagement is achieved. Regular movements for high achievers would have to be considered to keep them stimulated.

Question 10: Is Talent Management appropriate/adequate as a tool to unearth hidden gems amongst our employees?
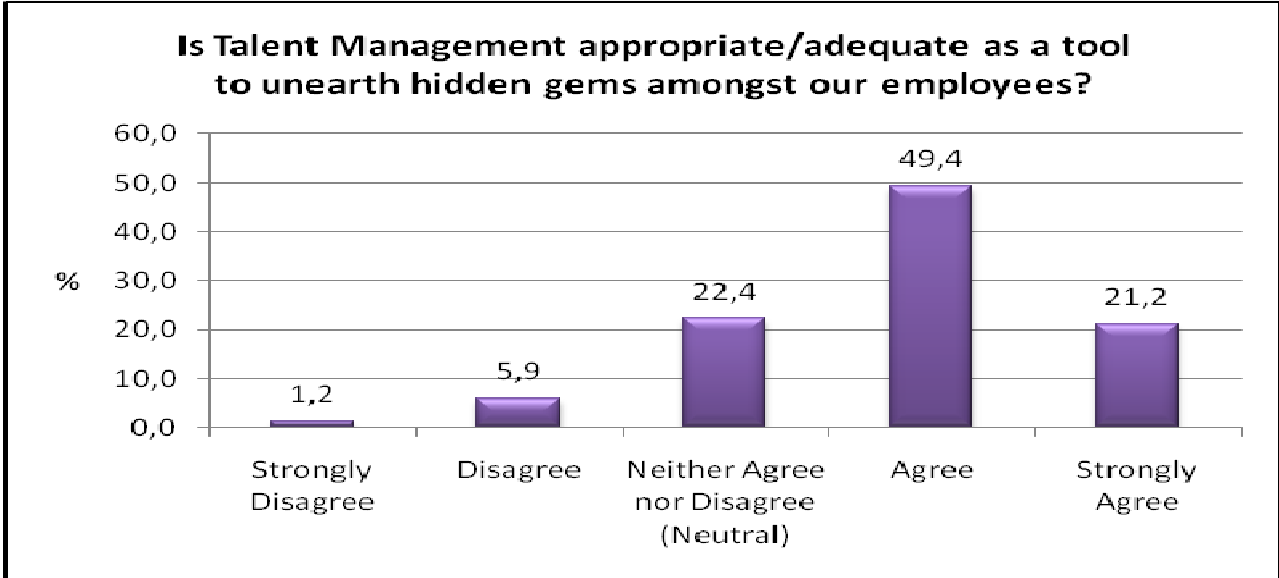
Seventy one percent (50% agreed and 21 percent strongly agree, respectively) are in agreement that talent management is appropriate/adequate as a tool to discover people with hi-potential amongst Engen employees while 22 percent neither agreed nor disagreed. Only six percent of respondents disagreed that talent management is appropriate/adequate as a tool to unearth hidden gems amongst Engen employees.

The resullts from the majority of respondents reveal that hidden talented employees are identified through the talent management process. The implication of this is that talent forums have been vigorous and they have succeeded in unearthing hidden high potential talent. The identification of high potential talent will assist Engen in developing a bench strenght for mission critical positions.

The challenge for management is following the identification of such talent, development plans should be put in place with a view to preparing for future opportunities. Effective engagement is an absolute must otherwise there is also a risk of over promising and under-delivery. Opportunities sometimes will be less than people available. A delicate balance must be reached.

Question 11:   Is Talent Management important for the business?
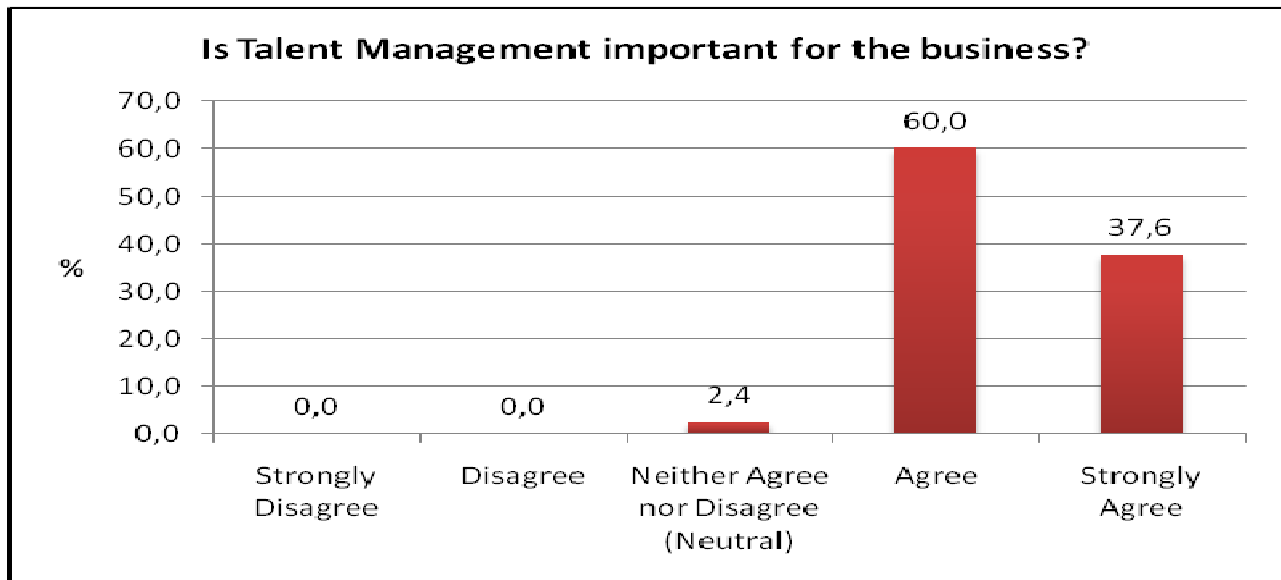
Ninety eight percent (60 percent and 38 percent agreed and strongly agreed) are in agreement that talent management is important for the business.

The overwhelming majority of respondents believe that the success of Engen is dependent on the management of talent. This implies that management are aware that the success of Engen is dependent on its employees understanding the vision, mission, goals and objectives of the organisation as directed to them by its shareholders and top management.

This implies that that the business strategy of the organisation has been communicated to all employees and everyone is working towards the achievement of the goals and the objectives as indicated in the business strategy. The people strategy has been communicated to all employees and managers which is an excellent start for Engen.

Question 12: Is talent management the appropriate process to retain the required skills?

Is talent management the appropriate process to retain the required skills?
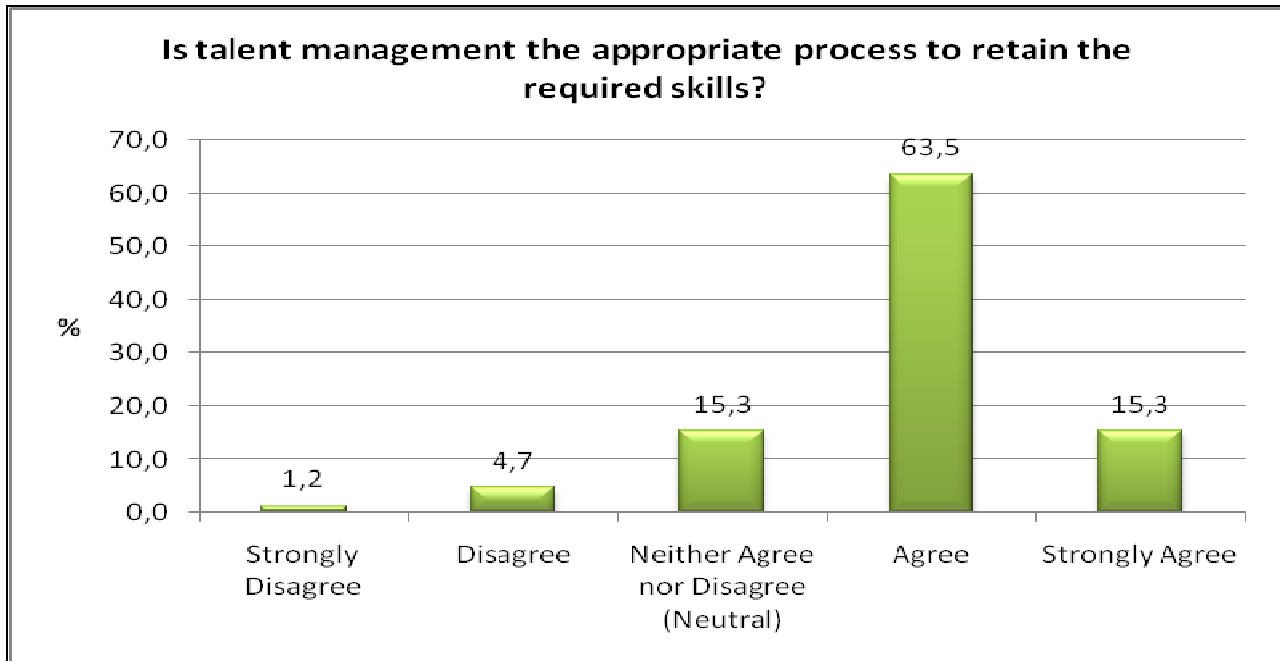
Seventy nine percent (63.53% and 15.29% agreed and strongly agreed) are in agreement that talent management is the appropriate process to retain the required skills while 15.29 percent neither agreed nor disagreed. Only 6 percent disagreed that talent management is the appropriate process to retain the required skills.

Asked whether they agree or disagree with the statement that "talent management is the appropriate process to retain the required skill", 78,8% of Engen employees indicated that they agree with the statement, a sizeable proportion (15,3%) didn't have an opinion on the matter, while, 5,9% disagreed with the statement.

A talent focused organisation is a responsive organisation. Employees want to know that the company has their interest at heart and they are always seeking engagement without being patronised. Talent management must therefore have agreed programme outcomes/deliverables by the contracting parties namely, the employee and the company.

Question 13: Management is able to identify and agree on Mission Critical Positions through the Talent Management Process.
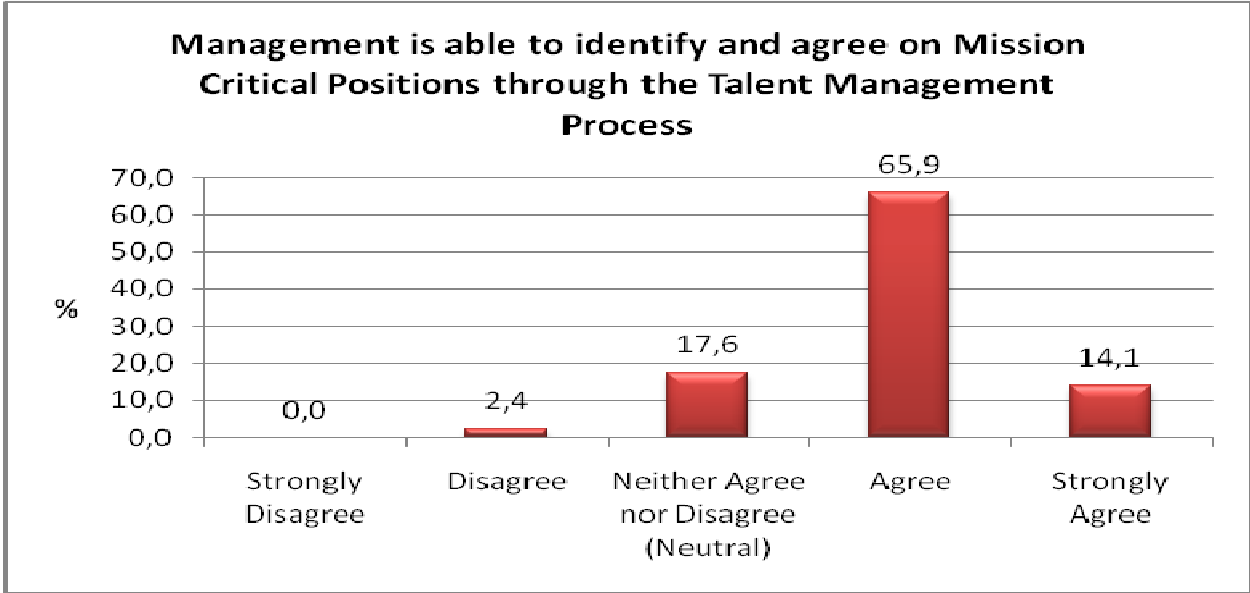
Eighty percent of respondents (66% and 14% agreed and strong agreed, respectively) are in agreement that management is able to identify and agree on mission critical positions through the talent management process while two percent disagreed. Seventeen percent neither agreed nor disagreed that management is able to identify and agree on mission critical positions through the talent management process.

For organisations to succeed, there are positions that are critical to its success in achieving its goals and objectives as well as remaining competitive. The results from the majority of the respondents indicate that management have identified the mission critical positions for Engen through the talent management process. The implication of this is that Engen is well prepared in identifiying the critical positions for it to succeed. This will enable Engen to ensure that such mission critical positions have identified successors in line with its talent management process.

The challenge for management is to ensure that the identified successors for the mission critical postions are developed in line with the talent development strategy. Furthermore, management should ensure that the process of identifying mission critical position is vigorous is not subjective and will yield the desired results.

Question 14: Should Engen treat every employee as Talent?

Should Engen treat every employee as TALENT?
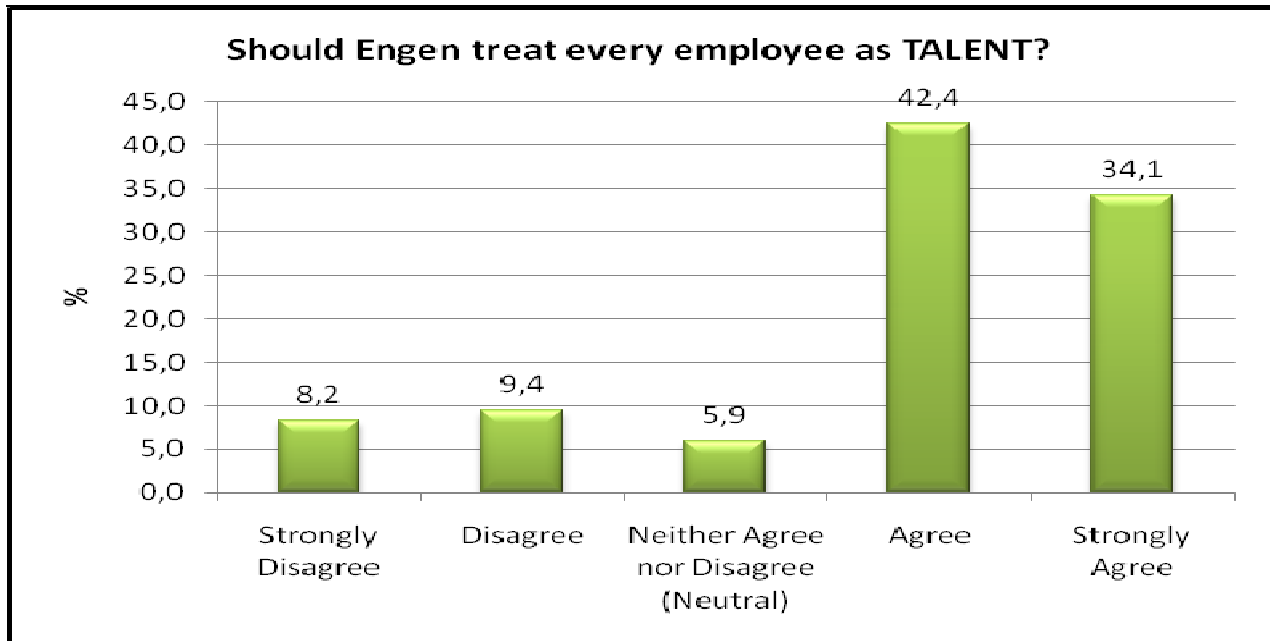
Of the 85 employees who participated in the survey, 76,5% agree with the statement that Engen should treat every employee as talent, with 34,1% of them strongly agreeing with the statement while 17,6% disagree with the statement and 5,9% were impartial.

While the large group 75.5% of the sampled employees feel that everyone at Engen is talent. The reality is often leaning towards the Pareto principle of 80/20. By this, it means that 20% of the people contribute 80% of value. This however further confirms the need for a structured programme of managing talent.   That said the sentiment expressed by the sampled employees is that all employees are talent.

Question 15: South Africa (Engen) is facing a risk of skills flight?
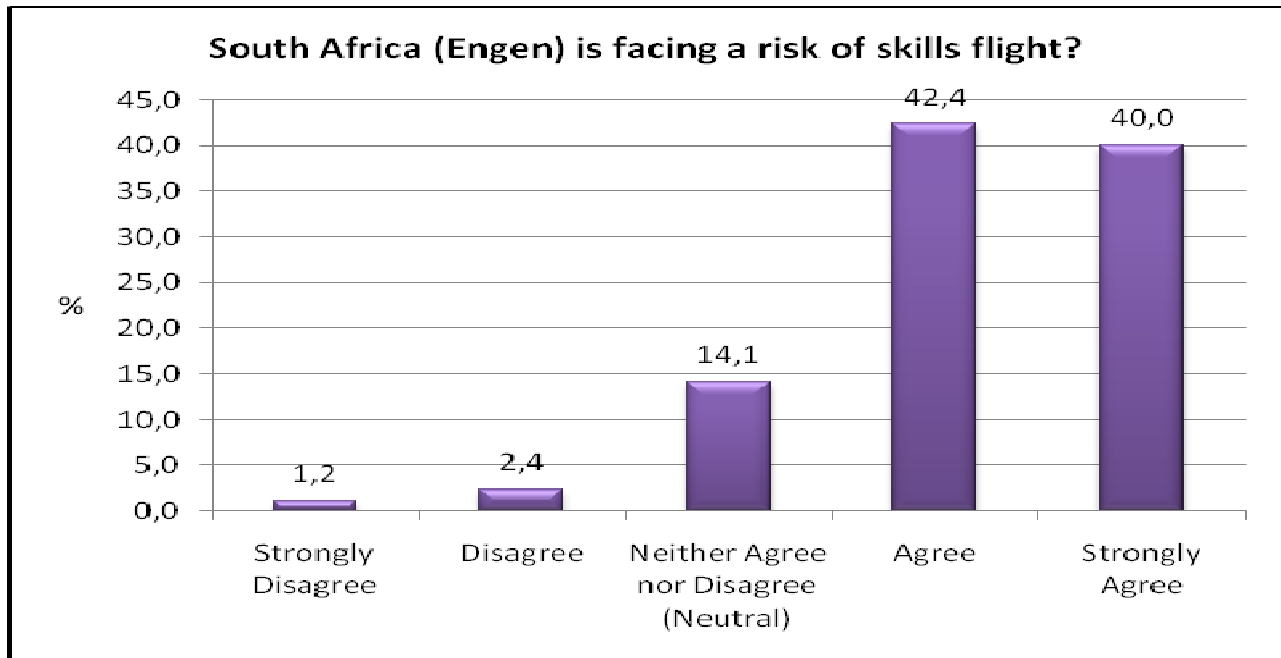
Eighty two percent (42% and 40% agreed and strongly agreed) are in agreement that Engen is facing a risk of skills flight. Fourteen percent of respondents neither agreed nor disagreed.

More than 8 in every 10 people (82,4%) who participated in the survey agee with the statement that "South Africa (Engen) is facing a risk of skills flight?" and only 3,6% of the respondents disagree whith the satement, while 14,1% neither agree nor disagree with the stament. If what the employees believe in is to go by, Engen is facing a serious challenge and it needs to put mechanisms in place in order to retain the necessary skills required for the company to thrive.

Engen is operating in this globalised world and therefore is not spared from the challenges of skills flight. It is a fact that people/skills especially skills such as engineering are highly marketable and thefore mobile.

The purpose of talent management is to look holistically at all the aspects of talent, e.g. turnaround time in recruitment, promotions, retention and the building of a strong pipeline that will ensure a consistent supply of appropriate skills for business sustainability.

Question 16 Talent Management is an imperative in the delivery of a positive shareholder value.

Talent Management is an imperative in the delivery of a positive shareholder value
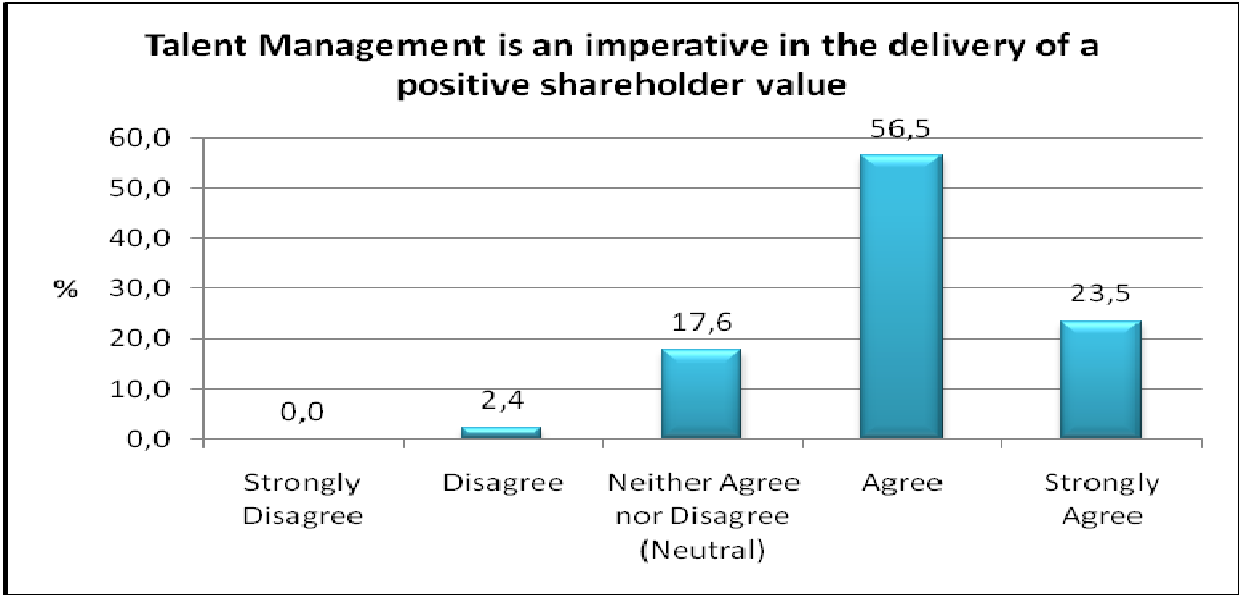
Eighty percent (56.47% and 23.53% agreed and strongly agreed) are in agreement that talent management is an imperative in the delivery of a positive shareholder value while two percent disagreed. Seventeen percent of respondents neither agreed nor disagreed that management is an imperative in the delivery of a positive shareholder value.

The responsibility for top management is to ensure that shareholders get returns for their investment in the business. If shareholders are not getting their returns, they will take their investments somewhere else. The results indicate that the majority of respondents are aware that value to shareholders' investment is important. This is a good start for Engen as this imply that employees are aware that their performance has an effect on shareholders' investment. If their performance is poor, the shareholders will not get the returns for their investments. The other implication is that if the right talent with the right skills is not appointed at the right time on the right jobs, Engen will not succeed in delivering profits to shareholders.

The challenge for management is to ensure that talent management takes centre stage in all the management responsibilities. More empowerment sessions should be arranged for managers to ensure that talent management is encompassed in their managerial responsibilities.

Question 17: Talent Management is vital in ensuring that we achieve '2016' business objectives.
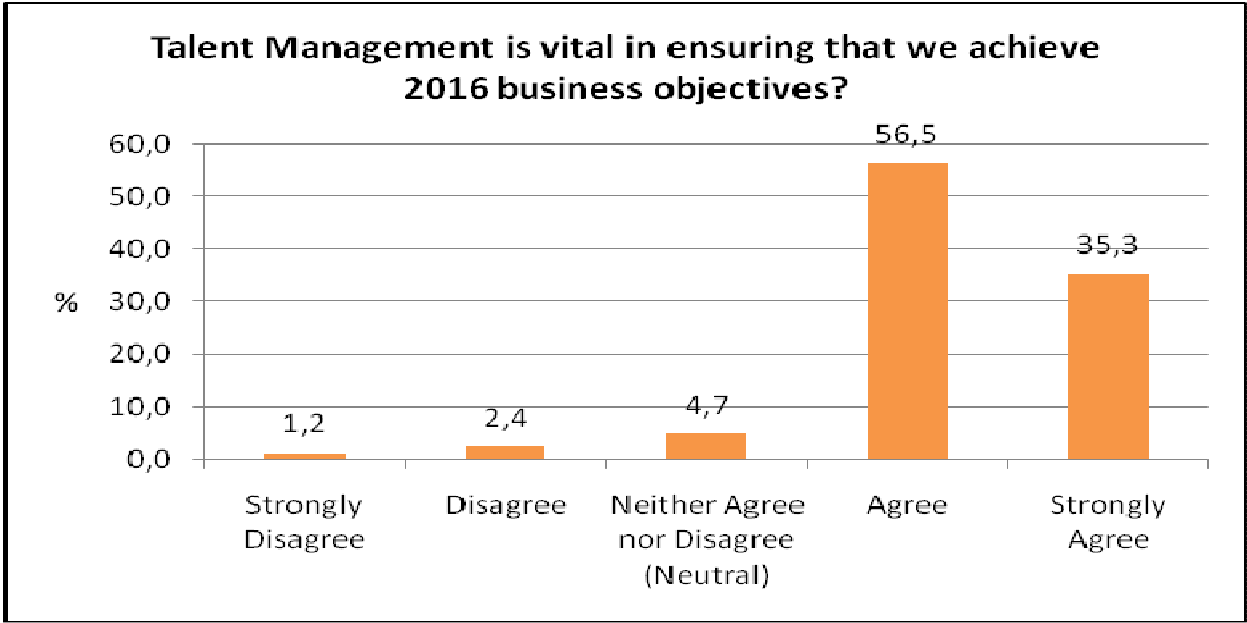
Ninety two percent (56.47% agree and 35.29% strong agreed) are in agreement that talent management is vital for Engen in ensuring that it achieve '2016' business objectives while three percent of respondents are in disagreement.

There is overwhelming agreement that talent management is key in the achievement of the 2016 vision. As alluded to previously the link between business results and talent management critical. The business results/vision as agreed for 2016 will not be achieved through incremental growth it requires a step change. Talent management is that step change.

Question 18: Talent Management will assist both management and employees in identifying skills gaps.

Talent Management will assist both management and employees in identifying skills gaps
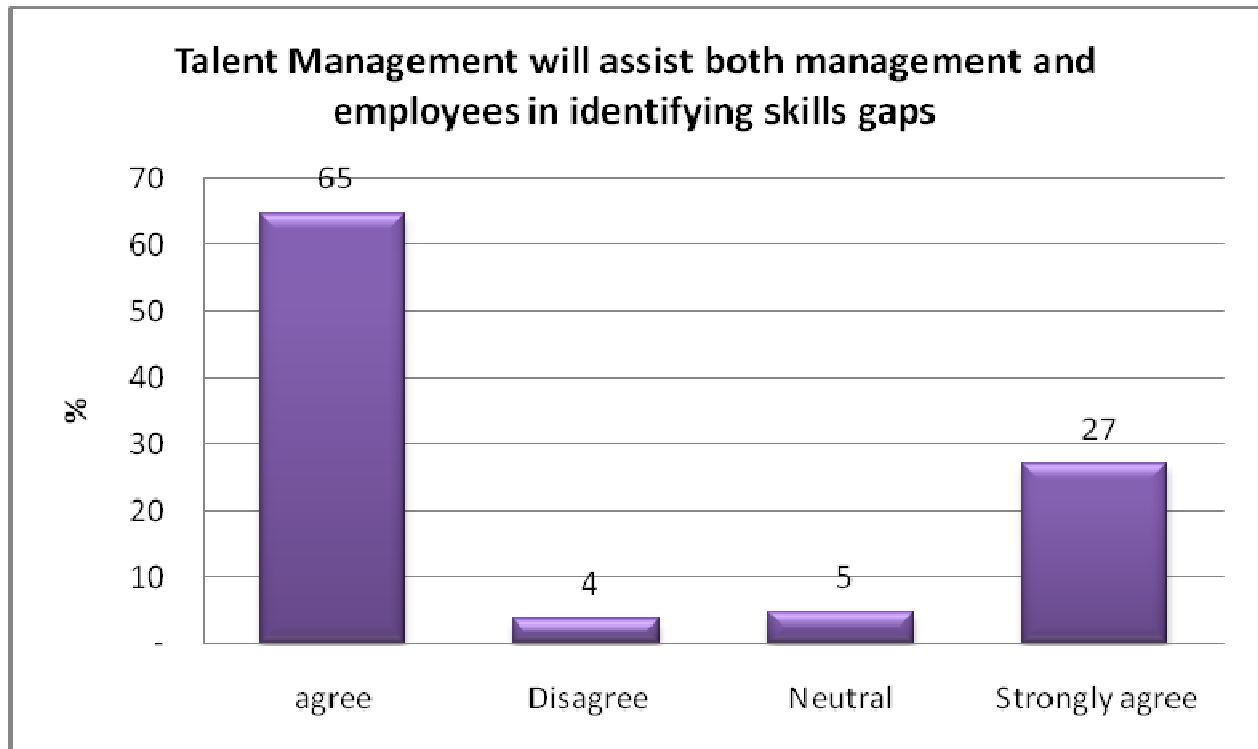
Ninety two percent of respondents (65 percent agreed and 27 percent strongly agreed) are in agreement that talent management will assist both management and employees in identifying skills gaps while 4 percent are in disagreement.

The results from the majority of the respondents indicate that there is common understanding between the management and employees that skills gaps will be identified through the talent management process. This implies that for employees to perform optimally, they will have to the required competencies in the jobs they are occupying. Once the skills gaps have been identified, developmental plans will have to be put in place for employees in line with each employee's Individual Development Plans (IDPs). The development plans will assist in the development of competencies for all the employees for them to deliver on the objectives and goals of the organisation.

Robust engagement on talent matters will and does lead to the identification of present skills gaps, and anticipated future skills requirements. Business success will always be dependent on the quality of employees that a company have. The identification of the gaps will ensure that proper programmes for closing the gaps are recommended and implemented.

The challenge for management is to ensure that quality IDPs are developed and monitored for implementation.

Question 19: Talent Management will be source of differentiation between success and failure.
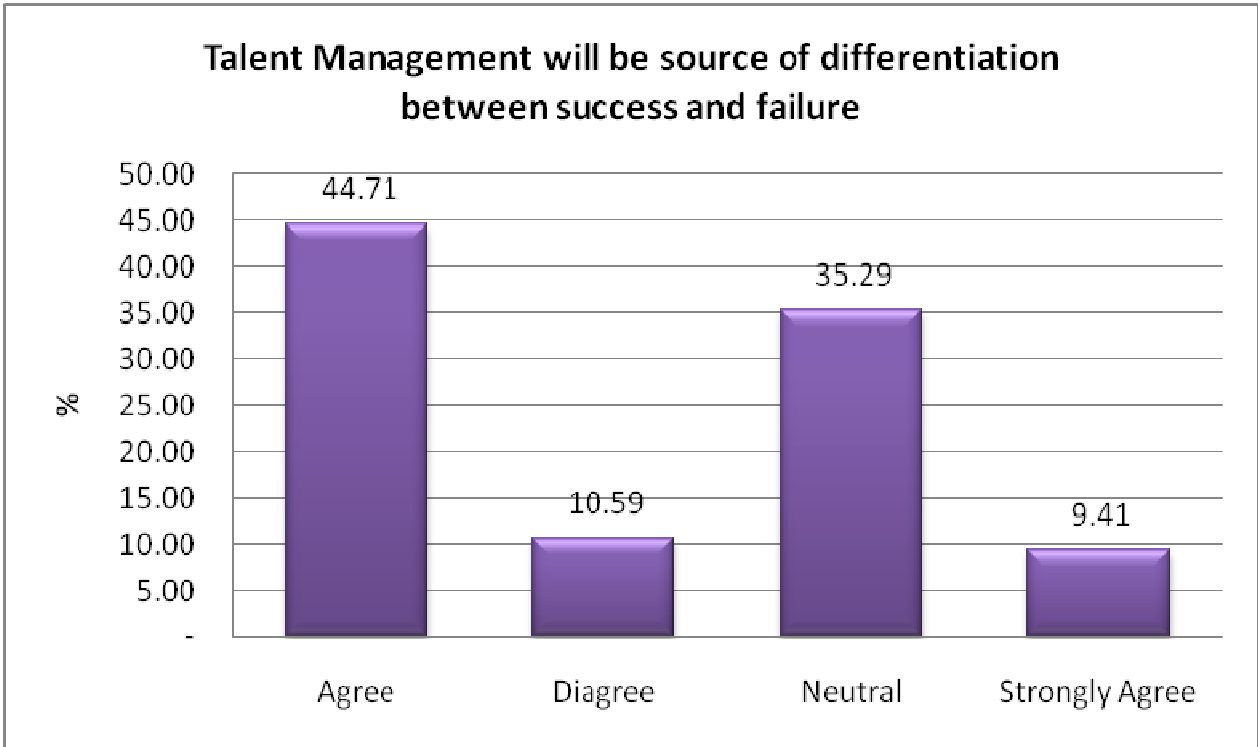
Fifty four percent (44.71% and 9.41% agreed and strongly agreed, respectively) are in agreement that talent management will be the source of differentiation between success and failure while 11 percent disagreed; more than thirty five percent of respondents neither agreed nor disagreed.

Products and services can be duplicated and no longer serve as a competitive advantage for companies. Talent will be the only competitive advantage for companies. The results indicate that there is an understanding that success or failure for organisations will be dependent on the talent that they have. This implies that if the employees do not have the required competencies to do their jobs, they will definitely fail in achieving the objectives of the organisation.

The challenge for management is to ensure that Engen talent is developed for them to perform optimally in their jobs. The talent development department will have to empower line managers to ensure that quality IDPs are developed. Once the IDPs have been formulated, employees should attend the training interventions that have been identified.

People are key in the delivery of company results. The stronger they are the stronger the performance is likely to be. People driven programmes and processes and it is the team of people as a collective that make one company better than another. Talent management ensures that a sustainable people programme is always in place.

Question 20: Talent Management will ensure continuous engagement between managers and subordinates.
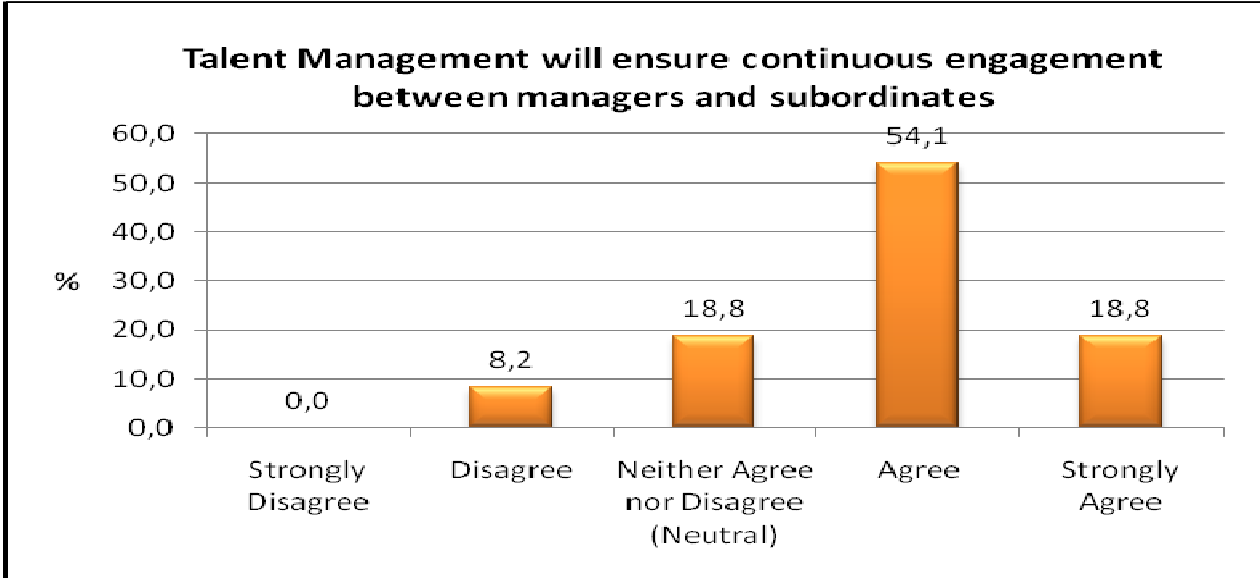
Seventy three percent (54.12% agreed and 18.82% strongly agreed) are in agreement that talent management will ensure continuous engagement between managers and subordinates while eight

percent of respondents disagreed. Nineteen percent of respondents neither agreed nor disagreed that talent management will ensure continuous engagement between managers and subordinates.

Managers should always ensure continuous engagement with their subordinates. These engagements should relate to the company's performance, employee development. The results from the majority of the participants indicate that managers continue to engage their employees as a result of the talent management process. The implication of this is that the talent management process has created a conducive environment encouraging more interaction between managers and their subordinates on issues relating to talent development and organisational performance. More than eight percent and ninenteen percent of respondents disagree and neither nor agree that talent management will ensure continuous engagement between managers and subordinates. The challenge for management is to ensure that the talent management process is further entrenched to other levels of management to ensure that there is consistency in the application of the talent management processes.

Question 21: Talent Management will ensure that the business is agile, flexible and responsive to the changing business environment.
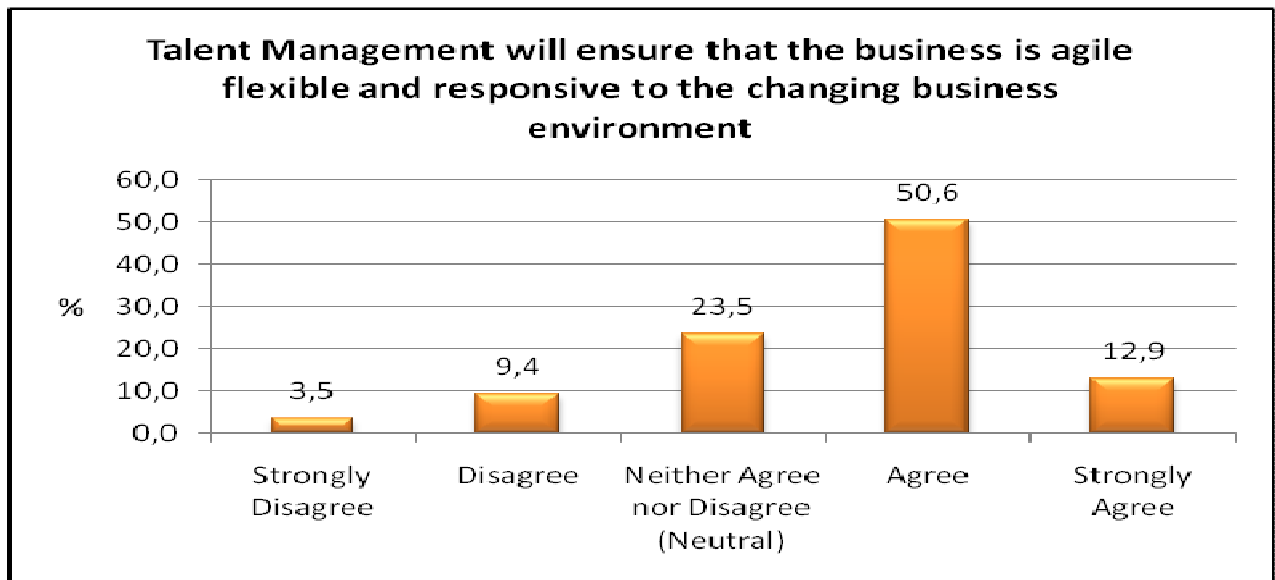
Sixty four percent (50.59% agreed and 12.94% strongly agreed) are in agreement that talent management will ensure that the business is agile, flexible and responsive to the changing business environment while thirteen percent are in disagreement. Twenty four percent of

respondents neither agreed nor disagreed that talent management will ensure that the business is agile, flexible and responsive to the changing business environment.

The results from the majority of respondents reveal that organisations to succeed wherever it competes need to be flexible and agile so as to have a competitive advantage. The implication of this is that Engen has succeeded in entrenching its talent management process and stands in a good position to succeed in the market where it is competing. This is a good start for Engen a "talent" is a key differentiator in such a competitive environment.

Question 22: Talent Management will increase management focus on people-related issues.
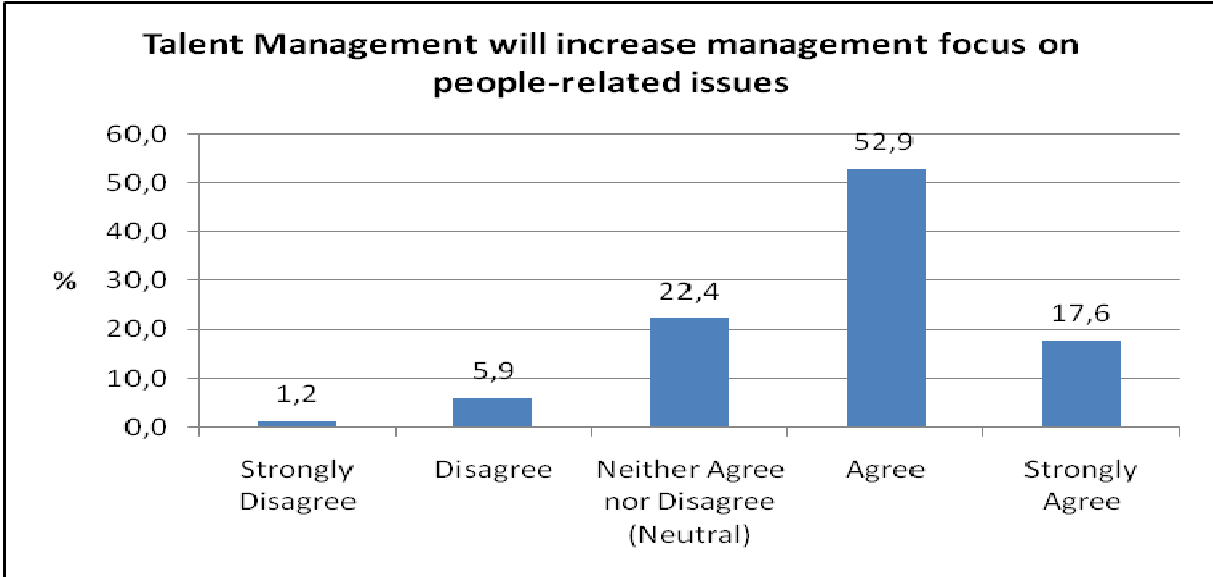
Seventy one percent (52.94% agreed and 17.65 strongly agreed) of respondents are in agreement that talent management will increase management focus on people-related issues. Twenty two percent neither agreed nor disagreed that talent management will increase management focus on people-related issues, while six percent are in disagreement.

The results from the majority of the respondents reveal that there has been a change in focus in the management of employees. People-related issues have taken centre stage in management

responsibilities. The implication of this is that if "talent" is a key diffentiator amongst companies in their mission to remain competitive, then a focus in people-related issues will result in a better management of talent through talent engagement, development, reward, support and retention.

The challenge for management is to provide capacity building programmes for managers to cope with such a sudden change in the management of talent. The management of talent is no longer a human resources issue but a management one.

Question 23: The business strategy and vision is known to all employees.
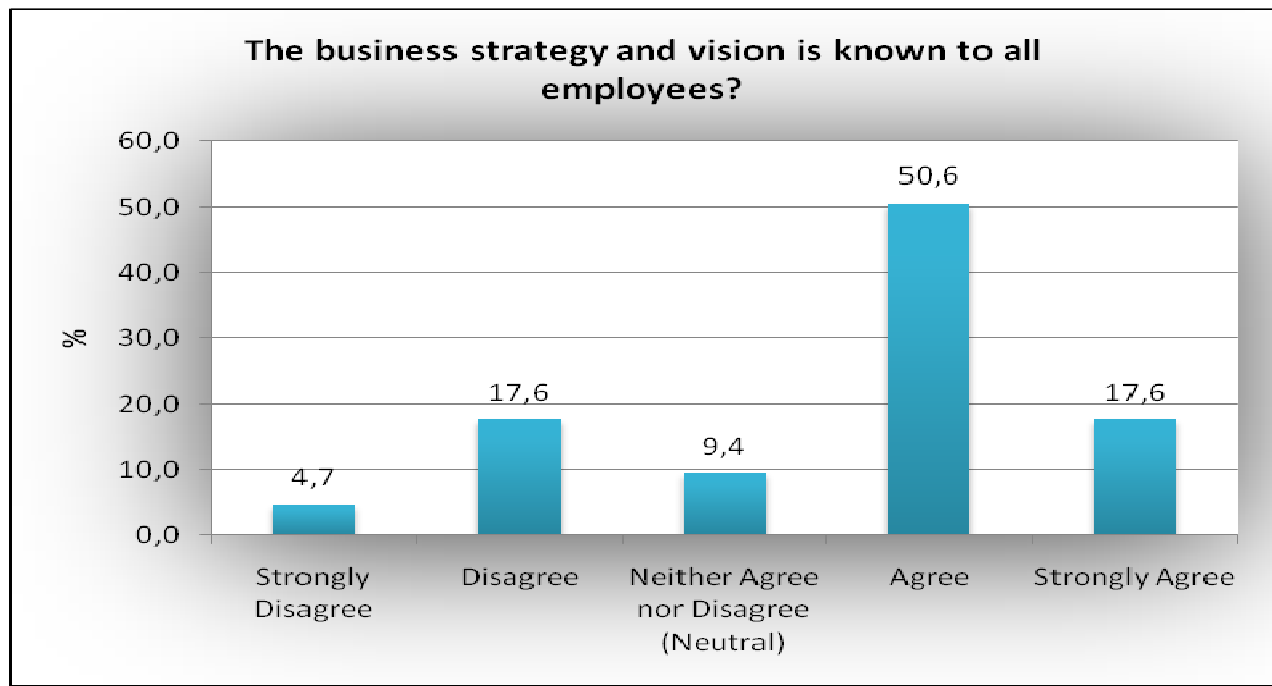
Just over two-thirds (68,2%) of Engen employees of who responded to the survey questions agree with the statement that the business strategy and vision is known to all employees. However, over a fifth (22,3%) of them believed that the business strategy and vision is not known to all employees, and the remaining 9,4% of the employees neither agree nor disagree with the statement.

The vision and mission provides direction and purpose for the organisation as to what needs to be achieved. The implications of these results are that the respondents are aware of what needs to be achieved. Individual and team efforts are then channelled towards achieving the goals and the objectives of the organisation.

The business strategy has been successfully communicated indicating that generally business outcomes are understood and known. Talent management will be linked to these business outcomes. Individual performance contracts will be aligned to the business results ensuring that all employees work towards the achievement of the overall business objectives and aligned as follows:
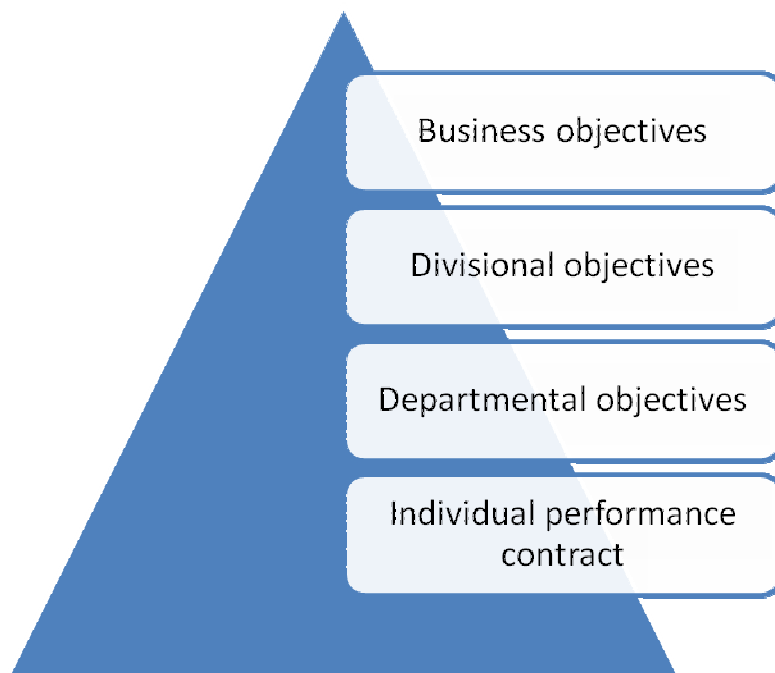
The challenge for management will be to ensure that the organisation's vision, mission and business strategy is communicated to all employees.

Question 24: There is a direct link between Talent Management and the Business Strategy.
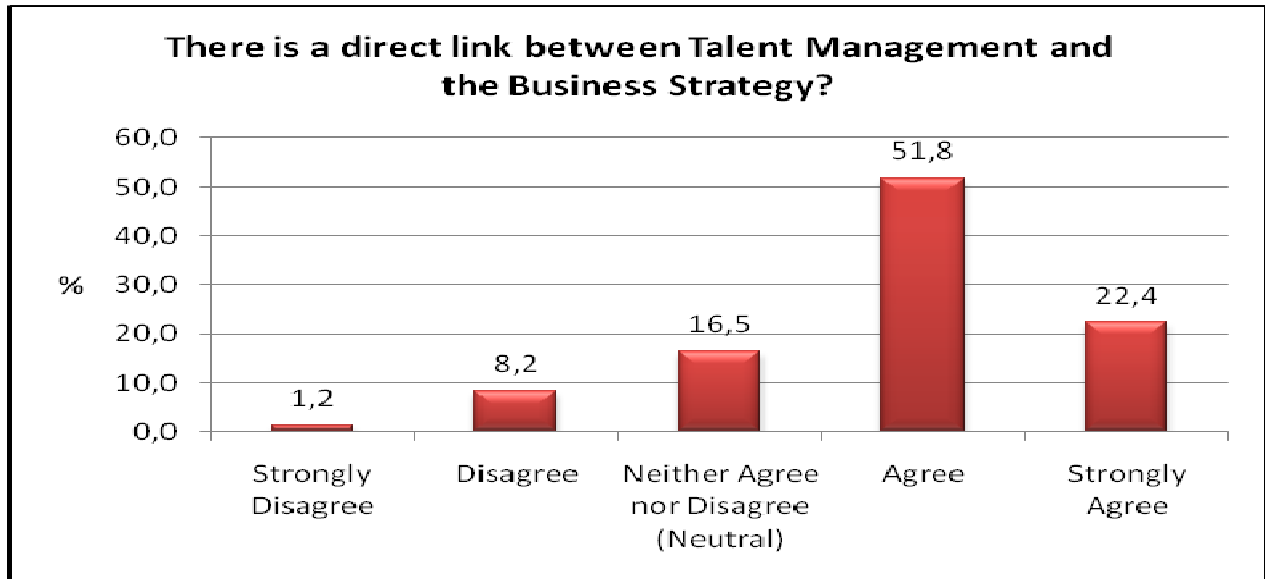
Seventy four percent (51.76% agreed and 22.35% strongly agreed) of respondents are in agreement that there is a direct link between talent management and the business strategy while nine percent are in disagreement (8.24% disagreed and 1.18% strongly disagreed). Seventeen percent of respondents neither agreed nor disagreed that there is a direct link between talent management and the business strategy.

The results indicate that most employees are aware that there is a direct link between talent management and the organisation's business strategy. The vision, mission, goals and objectives inform the business strategy of the organisation. The implication of this is that the executive of the business strategy has to be done by employees and the talent management process therefore becomes critical. This shows the direct link between the business strategy and the human resources strategy. The latter is informed by the former and this understanding is shared by the respondents.

Business strategy is and can only be delivered by people. Central to achieving results is the capacity and capability of the workforce. Therefore, there is a direct link between talent management and business strategy.

The challenge for management is to ensure that the link between business strategy and human resources strategy is clearly discernible and is communicated to line managers.

Question 25: Will the future performance improve as a result of the Talent Management?
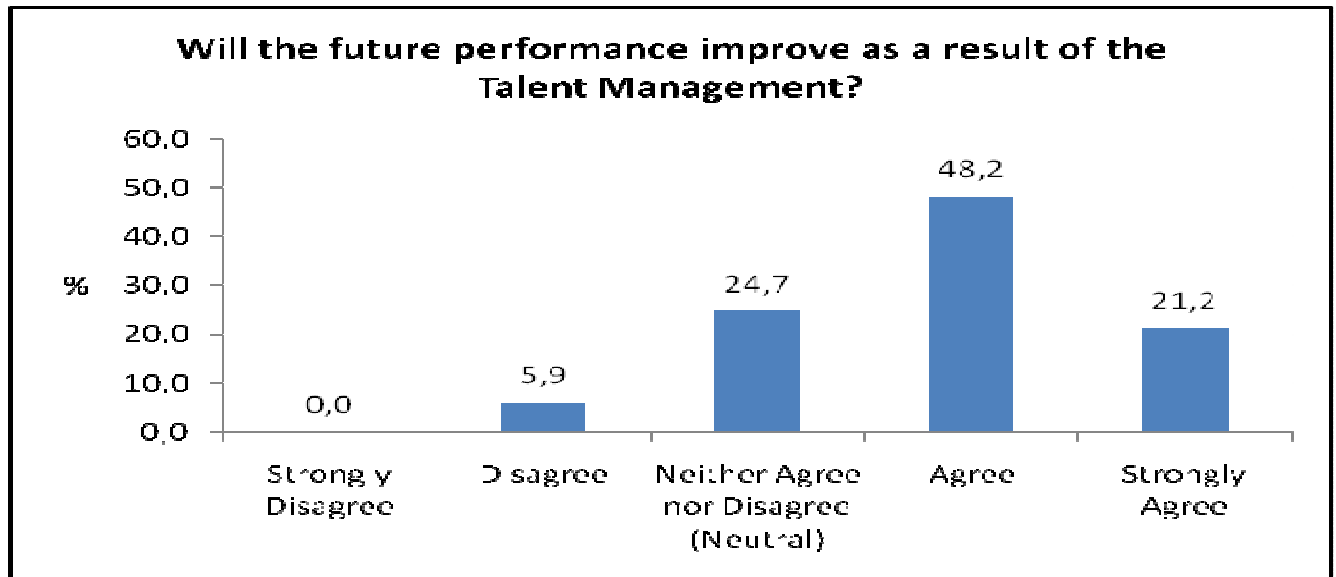
Sixty nine percent (48.24% and 21.18% agreed and strongly agreed, respectively) are in agreement that the future performance will improve as a result of the talent management while six percent disagreed.   Twenty five percent neither agreed nor disagreed that the future performance will improve as a result of the talent management.

More than a third (69.4%) of the sampled employees believe that the company performance will improve as a result of high performing employees.

The talent programme is a catalyst to improved performacne culture to focus on the delivery of agreed results will ensure the recrutment of a high calibre people.   Development of internal personnel to prepare them to be effective in their roles.

4.3 Summary

In this chapter the researcher explored, discussed and analysed the results of the study. The study was well received by employees at Engen during the pilot stages. Valuable comments and contributions were made by them. Although not too many changes were effected on the questionnaire but this study will continue to allow employees to engage on the talent management debate. The human resources professionals have expressed appreciation as a result of this study and have committed to take appropriate action thereafter once this study has been published."

Chapter 5

Discussion of results

5.1 Background

This chapter provides a discussion of the research findings of this study. In this chapter, the researcher will draw inferences from the data that was collated from the questionnaires. The results will be explained and interpreted according to the objectives of the study.

Is talent management important for the business? Fundamental to the business is the acknowledgement of the fact that talent is important and by implication talent management is an imperative. Almost 100% of the respondents agree that talent management is important for the company. The aim of this study is to provide Engen with an integrated framework on managing the human capital.

The primary objective of this study is to examine and analyse the current challenges in the management of talent within Engen and to provide an integrated talent management framework.

The discussion of the results of the study will address this overall objective and the following objectives:

In this context, the main objectives of the study could be stated as follows:

- **To suggest a solution for the development of a comprehensive and fully integrated talent management framework for human capital at Engen;**

The different components in the human capital division are operating in silos without a shared vision. Each department has its own targets that are not related to the other. The dependencies between the departments are forced rather than voluntary.

Talent management will bring an integrated process. This view is shared by the majority of respondents that talent recruitment, engagement, development and retention are the driving forces of talent management.

The challenge for management is to make a paradigm shift from the current state because the reality is that no new activity will result from this process. However, an integration of process is what will be happening. The inherent risk is that people will become territorial and refuse to let go of old tendencies.

A strategic paradigm shift is therefore inevitable. This will be driven by change management process.

The proposed framework is integrated and encourages a closer relationship between the different departments. However, most importantly is that there is a direct link between the company strategy and talent management. Respondents to the study confirm the importance of this relationship.

- **To identify required skills in the achievement of Engen's 2016 Vision by the respective areas of the business;**

Currently, Engen has a business planning process that identifies the future state of the business and the possible areas for diversification. This therefore implies that the company prepares itself adequately for the possible changes in the required skills for the future company positioning and understanding of the future markets. Workforce planning is therefore embarked upon with a view to know the nature of skills required and to estimate the capacity in terms of numbers based on expected growth.

The majority of the respondents agree that talent management will assist management and employees in identifying skills gaps. Furthermore, the majority of the respondents are in agreement that management is able to identify and agree on mission critical positions through the talent management process.

The challenge for management is that if there is no structured implementation of the talent management programmes, the benefits arising out of a structured process will not be realised.

- **To assist Engen to be able to build a pool of appropriate and critical skills at appropriate time; and**

The current situation is reactive and recruitment is only commissioned as and when a vacancy arises. Talent management is a deliberate process to build capacity both current and for the future. Since this process addresses mission critical positions and succession thereto, it creates a proactive process in dealing with talent demand and/or skills requirements.

The majority of the respondents are in agreement that talent management is a catalyst in attracting "Top talent". Seventy five percent of respondents confirm that future skills requirements will be determined easily through a robust and unbiased programme.

The majority of respondents further agree that talent management is appropriate for managing high performing employees.

- **To build a strong Employee Value Proposition (EVP) for Engen in order to attract top talent to achieve high performance above industry norm.**

Engen currently enjoys a strong employee value proposition because it is able to attract high calibre and high performing individuals. This is borne out by the results of the company and also the market leadership position. This is however not by design but purely by default.

When Engen embarks on the talent management programme/process, the process will give an opportunity to interrogate the current processes that result in attracting these high-calibre people. When reasons are known then the company will ensure that these people are retained and truly experience the perceived value that was seen from outside.

The majority of the respondents are in agreement that Engen through its talent management programme will attract "Top talent". An overwhelming majority of respondents are in agreement that retention will be easier if talent management is implemented effectively.

The challenge for management is to ensure that the whole business and not just certain pockets of the company implement the talent management programme consistently.

5.2   Recruitment/Promotions/Mobility

Attracting employees in fiercely contested market is a challenge for most companies especially those companies that require hard skills such Engineering.

It is interesting to note the overwhelming agreement from the sampled staff that talent management can be used as an effective mechanism for attracting staff. It is acknowledged that the value proposition will have to be impressive to draw the attention of the would-be employees. In the study conducted by Chuai in 2008, one of the respondents indicated that the competition in Beijing's English-training market is dreadfully vigorous. Under such situation, how to attract and eventually retain talent has become a principal consideration in conducting talent management.

A properly implemented talent programme will look into skills requirement both current and well into the future. This approach will ensure that effective and appropriate recruitment is sustainable. More than two thirds of the respondents further agree that the calibre of employees recruited will be of good quality.

When the implementation is company-wide it makes it easy to discover hidden talent which would otherwise be overlooked by management. When a process exists to search for good talent the employees will respect recruitment decisions as credible and free from bias. The process further allows the organisation to forecast future skills requirements and the organisation's ability to meet this demand. The future skills requirements are assessed through the process of identifying mission critical positions and the availability of the required skills internally and from the market. Obviously it is not in all instances that the company will be able to provide the required resources. The benefit of Talent Management is that it gives the heads up and forces management to take proactive action to manage the future requirements.

Chuai (2008) agrees with the fact that companies will not necessary be fully self-reliant, there will be a need to source additional resources from the market – a respondent in the China study

indicated that due to the fact that their customer base is diverse e.g. telecom, energy, government, education, finance etc., they require sales people to interact with people from different economic backgrounds, so they must have high calibre people. Because competitors are targeting the same people effective manpower planning will improve their chances.

5.3   Engagement and motivation

Often employees are attracted to companies because of promises made or even impressions formed during the initial interactions. Sometimes these expectations that are created whether intentionally or not, are not met it results in disengagement and even resignation.

Talent management promotes continuous engagement and thereby ensuring that an employee is engaged. The company draws necessary feedback to continue improving the working conditions and also ensure that challenging jobs are created. A responsive company will always adapt to the environment and remain relevant.

The majority of respondents in our study agree that talent management will ensure continuous engagement which will keep employees challenged and motivated. More than 60% of employees agree that engagement would lead to an agile and flexible company. Increased engagement also promotes improved focus on people-related matters.

5.4   Development/performance

There is agreement to the fact that there is a direct link between talent management and superior business results. 80% of the respondents concur.

A key feature of Talent Management is development of employees. Even the best performers in a company do need to be trained from time to time. The business environment is a dynamic one. Competition compels companies to continue improving products and processes, sometimes to

even look at alternative offerings and even consider diversification. Companies need therefore to keep abreast and develop new and appropriate skills.

In the study conducted by Chuai (2008) on China about talent management, one of the respondents who is a Director from a consultancy indicated that talent management service line accounted for between ¼ - 1/3 of the overall business volume. This is further vindication of the importance and reliance placed by corporations on talent management in delivering business results. An overwhelming majority of respondents are in agreement that there is a definite link between company performance and talent management.

5.5   Transformation

Talent management presents a perfect opportunity for the company to bring in people from the designated groups who possesses the required skills.

Fifty-nine percent of the respondents believe that talent management is a strong catalyst in the development of a new culture and honesty. More than 75% of the employees agree that talent management will facilitate the implementation of the Employment Equity programme.

South Africa is going through social and political changes, since business is part of this change this transformation has to be seen to be happening even inside the companies. Talent management is therefore an effective tool to bring about the necessary change. There is consensus among the Engen employees to the fact that this talent management will be an efficient tool in the implementation of the change as required for Employment Equity purpose.

5.6   Retention

The basis for talent management is the retention of critical and appropriate skills in the backdrop competition and demand for talent. There is general agreement among Engen staff surveyed that talent management can be a solution. Chuai (2008) confirms this notion in this study conducted in China. Contrary to the belief that China has abundance of cheap labour, talented people are in short supply it is organisations with forward looking approach to people management and with robust talent management programmes that will succeed in retaining appropriate skills.

Retention of high calibre employees against the back drop of fierce competition of the labour market is essential. Meyer (2005) argues that the purpose of talent management is to ensure that a firm has the right talent with the right skills at the right time.

The primary and most important reason for any business is to make profit and stay solvent and to continue business growth. This situation can only be realised if the company retains its critical and core skills.

It is argued that people are a source of differentiation. Our respondents agree that talent management is a tool for retention. People must always be an integrated part of the business strategy. Business results are achieved by people. If people continue to deliver they will be rewarded appropriately and therefore they will stay and retention does not become a problem.

People must be managed holistically by this we mean that Engen's value proposition must ensure appropriate and professional recruitment processes are in place. Undue delays in responding or even communication with applicants should be avoided at all costs. Short turnaround times will help in building confidence about the company to a "would be" employee. Internal employees must be kept engaged through continued interaction and credible feedback to build a strong culture of positive values. Whereas it is not in all instances that people would leave companies for rewards, however rewards are a hygiene factor they must be market related, they must be competitive, they must be based on sound rationale and must be transparent. All these factors

contribute towards the elimination of high turnover and therefore addresses the question of flight risk.

5.7   Summary

There is consensus with the researchers that talent management will deliver strategic programmes such as succession planning, diversity management and employment equity. This view is also expressed by employees at Engen as a result of this study. Because the programme identifies the future possibility and sustainable growth, it undoubtedly enhances competitive advantage for any firm including Engen.

Chapter 6

Recommendations/conclusion

6.1 Introduction

Following the analysis of the results in Chapter 5, this chapter seeks to translate the findings of the study into workable recommendations and conclusions in the implementation of the talent management programme.

6.2 Recommendations

Question 1

All employees are participants in the Talent Management Programme?

As a result of the talent management programme being a phased programme, employees at the lower level of the organisation are not yet involved in the process. Communication of this programme should entail future plans that demonstrate that all employees will be participants at some stage or another. Whereas it is recognised that not all employees are Talent it is important for the company to ensure that a proper search throughout all levels have been conducted. This action will give more awareness and enhanced credibility to the whole initiative.

Question 2

All employees at Engen are aware of the Talent Management Programme.

Engen should continue with its intensive communication programme that is all inclusive in respect of the talent management programme. Obviously the programme is still at its infancy; therefore change management is encouraged for the communication at all levels. Through the Talent Forum process and managers need to be encouraged to inform their employees of the talent management programme through rolling out the programme to other lower levels, sharing through publications and official notices.

Communication should be extended to all employees whether they are part of succession planning or not. Departmental meetings throughout the company must have talent management as a standing agenda item. Reinforcement and commitment can only be enhanced by repetition of the same message.

Question 3

Can talent management assist Engen in attracting 'TOP TALENT'?

There is an overall confidence in the fact that talent management can assist in the attraction of 'Top Talent'. Management should continue ensuring that the talent management process is well managed and should not lose credibility.

Because by the very nature of the programme it is proactive plans can be put together for proactive search without undue pressure. Programmes such as bursaries and scholarships increase the chances of attracting high potential individuals and create a bench strength for the future.

Question 4

Can Talent Management be a catalyst in the development of a new culture of honesty and openness?

Because of the fact that a significant number 42 percent (16 percent disagree and 28 percent neither agree or disagree) is not aware of the talent management programme, it is not surprising therefore that 41 percent (32 percent neither agree or disagree, 8 percent disagree and 1 percent strongly disagree) is indifferent on the ability of the programme to promote honesty and openness.

Managers must be encouraged to openly engage employees through one-on-one continuous career discussions and give honest feedback from talent forums.

Talent management presents an opportunity for an open discussion that encourages robust discussions between managers and employees.

Feedback that would otherwise be missed in the absence of a structured is received. It will assist in formulating future policies.

Question 5

Can Talent Management help Engen in achieving the Employment Equity objectives?

There is an overall confidence in the fact that talent management can help Engen in achieving the Employment Equity objectives. Management should continue ensuring that the talent management process is well managed and should not lose credibility. Because there is an opportunity to conduct a targeted recruitment, recruitment should therefore target areas such as gender and people from designated groups as defined in the Employment Equity legislation.

Question 6

Future skills requirements will be determined by the Talent Management process.

Workforce planning must be an integral part of strategic planning. Talent management because of its very nature is a process of discovery of talent and at the same time, it helps identify current and future requirements to meet the business changing environment. This therefore suggests that management should continue with conviction and determination to ensure success of the talent management programme.

When targets are set for the future the capacity to deliver must be comprehended. Capacity gaps must be properly identified. To close the identified gaps a plan must be developed and implemented.

Question 7

If implemented effectively, Talent Management could serve as a retention tool.

An overwhelming majoring of respondents indicated that Talent management if implemented effectively could serve as a retention tool. This therefore suggests that management should continue to utilise the talent management programme in line with the retention strategy as a retention tool for its 'Top Talent' and any other skills required by the business.

Continued engagement promotes vibrancy and pride in the company. Happy employees then become ambassadors to the outside communities. When employees are satisfied they will find no reason to leave the company.

Question 8

Is Recruitment, engagement, development and retention the driving forces of Talent Management?

The process of talent management has streamlined the activities around key human resource practices such as recruitment, engagement, development and retention to the point that these key processes have been afforded greater recognition as a result they are now seen as the driving forces of talent management.

When accountability of the key human resources processes is decentralised, they can act in conflict. An integrated process creates harmony and eliminates silos and tensions that go with it. Conflict results in delays and increases costs. Integration promotes cost effectiveness.

Question 9

Is Talent Management appropriate for managing 'high performing' employees?

A majority of respondents believe that talent management is appropriate for the management of high performing employees. It gives the framework for the organisation for the management of high performing employees consistently throughout the business.

Managers in general and sometimes even the good ones are not capable to deal with people. When talent management is in full implementation stage consideration would have to be given to equip managers to be ready to deal with the changing environment. Programmes such crucial conversation help managers in dealing with challenges and just for case of communication.

Question 10

Is Talent Management appropriate/adequate as a tool to unearth hidden gems amongst our employees?

Managers and people in general are more comfortable to operate in familiar surroundings and in dealing with people they know well. Talent management forces managers out of their comfort zone into unfamiliar territory.

Since employees agree in general that talent management should involve all employees, it therefore presents an opportunity to those who would otherwise have been missed. The programme forces the company to cast the net wider than the 'usual suspects' and to get to know all employees more easily. It can and will unearth unknown gems.

Question 11

Is Talent Management important for the business?

The world over agrees that people have taken centre stage in the business world and they are the difference between success and failure. An overwhelming majority of respondents indicated that Talent management if implemented effectively could serve as a retention tool, determine future skills requirement for Engen, appropriate tool to unearth hidden gems; this therefore suggests that talent management is important for the business and its success.

Question 12

Is talent management the appropriate process to retain the required skills?

In the absence of tested processes and mechanisms, talent management is the growing process all it requires is support from top management and that implementation is closely monitored. Management ownership and commitment to the process will contribute to the success. There is a common saying that people leave managers and not companies. Retention will be enhanced by hands on management team to talent management.

Question 13

Management is able to identify and agree on Mission Critical Positions through the Talent Management Process.

This process is non-subjective and it allows broad input and eliminates favouritism and subjectivity in the identification of mission critical positions.

Question 14

Should Engen treat every employee as 'TALENT'?

Whilst the majority of respondents believe that Engen should treat every employee as 'Talent', management should continue its talent management programme with a view to ensuring that the various categories of talent are managed differently.

It is fact that not all employees contribute same value. An effective talent management programme will ensure that segmentation is implemented to categorise the Talent an example will be core, critical and support.

Even the employees themselves would have to be segmented into high performing and support different categories will have to be defined properly and be communicated to all managers to foster uniformity of implementation.

Question 15

South Africa (Engen) is facing a risk of skills flight?

The Mckinsey study of the 90s which coined the phrase 'War for talent' is a relevant today as it was then. Companies are competing for limited resources. Demand in other areas exceeds supply, e.g. engineering skills.

An overwhelming majority of respondents believed that Engen is facing a risk of skills flight. This is not a unique problem but a world-wide one. To this end, through its retention strategy Engen management should create an environment that promotes attraction and retention of talent. The global mobility of skills especially hard skills has increased the flight risk of these skills especially in small markets. The desire by people to gain international working experience has further fuelled this risk.

Question 16

Talent Management is an imperative in the delivery of a positive shareholder value.

The purpose of business is to make profits and this can only be achieved with the efficient use of appropriate resources, chief amongst these, is people. Simply put, 'No people, No Value'. Not just anybody but high calibre people will deliver more value. Delivery is commensurate with the quality of a person being employed.

Question 17

Talent Management is vital in ensuring that we achieve '2016' business objectives.

People strategy will only be effective if tied as an integral part of the overall company strategy. There is general agreement that the manner in which people are managed within the business will influence the achievement or non-achievement of the said objectives for 2016.

Question 18

Talent Management will assist both management and employees in identifying skills gaps.

There is general consensus that talent management will assist both management and employees in identifying skills gaps. The identified skills gaps should be addressed through the capacity development programmes which are inherent in the integrated process of talent management.
An important fact not to be missed here, because this process is collaborative, the findings are made jointly and agreed to through a process.

Question 19

Talent Management will be source of differentiation between success and failure.

The programme is at its infancy stage; it is difficult to make an informed assessment but remains an opportunity to be exploited through the proper implementation and feedback thereof. The

thrust of the talent management is people. If there is agreement that people are the major source of differentiation by implication they therefore must be a difference between failure and success.

Question 20

Talent Management will ensure continuous engagement between managers and subordinates.

Notwithstanding the fact 8.24 percent disagree that talent management will ensure continuous engagement between managers and subordinates and the former should continuously engage the latter on talent management through amongst others career management and performance management discussions. Engagement is what underpins a successful programme and talent managed can summed as a proactive engagement process.

Question 21

Talent Management will ensure that the business is agile, flexible and responsive to the changing business environment.

Talent management is about getting the right people with the right skills into the appropriate roles at the right time; implementation and continuous re-enforcement of talent management through Department, Divisional and MC Talent Forums should be encouraged. Effective listening is bound to result in appropriate actions, this is the overall benefit.

Question 22

Talent Management will increase management focus on people-related issues.

There is reasonable conviction amongst the employees that people-related issues will be receiving greater attention and focus through the set talent structures such as the talent forums which will result in the people agenda getting greater focus.

Question 23

The business strategy and vision is known to all employees.

The people vision should support the business vision and 22.36 percent disagree and strongly disagree that the business strategy and vision is known to all employees.

This result is disturbing in that people will not be able to link their own contribution to the overall company performance. Management must ensure effective communication of Engen's vision and business strategy to all employees.

Question 24

There is a direct link between Talent Management and the Business Strategy.

Not knowing the business strategy and vision has a direct correlation with not knowing the link between talent management and Engen's business strategy.

Again, management should continue to communicate Engen's vision, business strategy and the linkage between the former and the talent management process either through the talent forums, career management discussions, publications or other events.

Question 25

Will the future performance improve as a result of the Talent Management?

Talent management implementation is at its infancy stage but most respondents are hopeful that Engen's future performance will improve as a result of talent management. Again, management should continue with the implementation of the talent management initiatives in place and always provide feedback to employees.

It is inevitable that company performance will improve when we have high calibre people, placed in the correct roles and highly engaged and motivated delivering to the set objectives.

6.3   Conclusion

Is talent management important for the business, like most authors who have written on the subject matter, the answer is an unequivocal Yes. There is documented evidence in this regard and early impressions at Engen support this view.

As there are continuing dramatic changes in political, economic and social environments, the human side of the business is continuing to emerge and enlarge as the key source and differentiator of competitive advantage. Whoever forgets the key impacts of culture, talent and capability is doomed to fail in the marketplace (The Journal of the Human Resources Planning Society: 2009: 14).

The implication of this is that managing talent to ensure that the right physical and mental skills are in the right place within an organisation is no longer sufficient. In this new era winning businesses will develop sustainable competitive advantage by incorporating a thorough understanding and management of human consciousness (Journal of the South African Institute of People Management: 2009: 30).

Indeed, a growing number of companies around the world are investing in innovative human capital strategies and tactics. The companies are diverse in both industry and heritage: Some are long-established companies in traditional industries, like Swiss pharmaceutical giant Novartis AG, with its 250-year history; others are relative newcomers, riding the whitewater of recent technological revolutions, like the Indian information technology services provider Satyam Computer Services Ltd.

But their industry or heritage aside, these companies confront the same realities: shifting geographic borders and the rapid flows of global capital and technology. In responding to such challenges, these companies have all recognised the compelling need to pay attention to the value of human capital. They are devoting unprecedented resources and, more important, the

attention of their leaders, to redesigning their workforce-related practices. In this way, they are developing their human capital as a critical source of competitive advantage (Rawlinson, et al. 2008: 1).

To ensure that their businesses would have the right leadership and management team in place and fully functioning when are needed to meet the organisation's strategic initiatives, CEOs must adopt a disciplined approach to talent management. That means aggressive management of the acquisition, growth, and retention of talent through a rigorous and logical process. Rather than using "gut feel" to make hiring decisions, businesses must analyse talent opportunities as fully as they would any other business opportunity. In this process, they should identify risks, forecast profitability and develop strategic action plans to ensure successful execution (McGarrity, 2007: 1-2).

Talent management and planning should be closely aligned to every business' strategic plan. It should also consider the broadest range of potential of all employees within the business, and not just senior executives. Moreover, senior managers at all levels should be held accountable for the development of talent within their workgroups, with senior leaders actively participating in the process (McGarrity, 2007: 1-2).

The Engen programme is a well structured and all inclusive process that covers all aspects of the business, promotes openness and encourages continuous engagement between manager and subordinate and between managers. The survey results clearly show that Engen employees are confident that the process will address other strategic issues such as Employment Equity, retention of key employees and future skill.

The proposed approach is not linear as it looks at the whole company. It is a proactive approach that also has workforce planning inherently embedded in it. It is guaranteed to create talent pools that provide solid bench strength with the required competencies in a sustainable manner.

Because this approach comprehends succession employees feel more assertive and recognise that their future is in as much in their own control as it is in management. This approach further promotes career discussion in an open and transparent manner thereby building integrity in the

process and most importantly trust. If trust is enhanced then retention is high and the cost of Talent acquisition is significantly reduced.

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Dear Respondent,

MBA Research Project

Researcher: Adonijah Lungile Dumse (082-808 2211)
Supervisor: Ms Jenny Bux (082-849 5718)

I, Adonijah Lungile Dumse am an MBA student in the School of Graduate Business, at the University of KwaZulu-Natal. You are invited to participate in a research project entitled **"TALENT MANAGEMENT AS A STRATEGIC IMPERATIVE IN GENERATING SHAREHOLDER VALUE"**.

This study is aimed at determining the improvement an integrated Talent Management programme formulation and implementation would have in Engen, in the Company performance and the delivery of sustainable shareholder value.

Through your participation I hope to understand the impact an integrated Talent Management programmem would have in the Company performance and the retention of critical skills. The results of this survey are intended to contribute in the development of a Talent Management system.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business, UKZN.

If you have any questions or concerns about participating in this study, please contact me or my supervisor at the numbers listed above.

It should take you about 25 minutes/s to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Sincerely

Investigator's signature_____

Date_____

This page is to be retained by participant

MBA Research Project

Researcher: Adonijah Lungile Dumse (082-808 2211)
Supervisor: Ms Jenny Bux (082-849 5718)

CONSENT

I_____(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

_____   _____
Signature of Participant   Date

This page is to be retained by researcher

QUESTIONNAIRE

TALENT MANAGEMENT AS A STRATEGIC IMPERATIVE IN GENERATING SUSTAINABLE SHAREHOLDER VALUE

This survey is part of a research project aimed at ascertaining whether talent management as a strategic imperative can generate sustainable shareholder value. The aim of this study is to provide Engen with an integrated framework on managing the human capital. The primary objective of this research is to examine and analyse the current challenges in the management of talent.

The questionnaire completion will take approximately 25 minutes. Please answer the questions in the spaces provided. The information provided will be treated with confidentiality and will be used for academic purposes only.

Thank you for taking part in this survey.

**TALENT MANAGEMENT AS A STRATEGIC IMPERATIVE IN
GENERATING SUSTAINABLE SHAREHOLDER VALUE**

QUESTIONNAIRE

INSTRUCTIONS

Biographical Data: Indicate your response by making a clear **CROSS (X)** in the appropriate block:

1. Gender

Male	1
Female	2

2. Are you employed full time?

Yes	1
No	2

4. What is your position?

5. What is your highest qualification?

Matric	1
Certificate	2
Diploma/Degree	3
Degree	4
Honours	5
Masters	6
Doctorate	7

6. How long have you been with Engen?

0-2 yr	1
2-4 yrs	2
4-6 yrs	3
6-10 yrs	4
11-15 yrs	5
16-20 yrs	6
More than 20 yrs	7

INSTRUCTIONS

- The following statements/questions ask for your opinion as regards talent management as a strategic imperative in generating sustainable shareholder value. The aim of this study is to provide Engen with an integrated framework on managing the human capital. The primary objective of this research is to examine and analyse the current challenges in the management of talent within Engen and to provide an integrated talent management framework.

- Please indicate the extent to which you **Agree** or **Disagree** with each statement below by placing a cross (**X**) on the number that most closely corresponds to your opinion.

- **Please note:** Only one cross (**X**) per statement is required.

Rating Scale:

5	**Strongly Agree**
4	**Agree**
3	**Neither Agree nor Disagree (Neutral)**
2	**Disagree**
1	**Strongly Disagree**

1.   Should Engen treat every employee as '**TALENT**'?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

2.   The business strategy and vision is known to all employees?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

3.   All employees at Engen are aware of the Talent Management Programme?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

4.   All employees are participants in the Talent Management Programme?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

5. South Africa (Engen) is facing a risk of skills flight?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

6. Can talent management assist Engen in attracting **'TOP TALENT'**?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

7. Is talent management the appropriate process to retain the required skills?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

8. Is Talent Management appropriate for managing 'high performing' employees?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

9. Can Talent Management be a catalyst in the development of a new culture of honesty and openness?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

10. Will the future performance improve as a result of the Talent Management?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

11. Talent Management is vital in ensuring that we achieve '2016' business objectives?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

12. Can Talent Management help Engen in achieving the Employment Equity objectives?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

13. Is Talent Management appropriate/adequate as a tool to unearth hidden gems amongst our employees?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

14. Is Talent Management important for the business?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

15. Is Recruitment, engagement, development and retention the driving forces of Talent Management?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

16. There is a direct link between Talent Management and the Business Strategy?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

17. Talent Management will increase management focus on people-related issues.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

18. Talent Management is an imperative in the delivery of a positive shareholder value.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

19. Talent Management will assist both management and employees in identifying skills gaps.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

20. Management is able to identify and agree on Mission Critical Positions through the Talent Management Process.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

21. Talent Management will ensure continuous engagement between managers and subordinates.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

22. If implemented effectively, Talent Management could serve as a retention tool.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

23. Talent Management will be source of differentiation between success and failure.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

24. Future skills requirements will be determined by the Talent Management process.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

25. Talent Management will ensure that the business is agile, flexible and responsive to the changing business environment.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**