D.N.R.COLLEGE, (AUTONOMOUS): BHIMAVARAM

DEPARTMENT OF MANAGEMENT STUDIES

VUCA MANAGEMENT

III SEMESTER

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UNIT IV: Talent Management-Business sustainability - triple bottom line approach - People – social bottom line; Planet – ecological bottom line, Profit – economic bottom line.

TALENT MANAGEMENT

Talent Management, as the name itself suggests is managing the ability, competency and power of employees within an organization. The concept is not restricted to recruiting the right candidate at the right time but it extends to exploring the hidden and unusual qualities of your employees and developing and nurturing them to get the desired results. Hiring the best talent from the industry may be a big concern for the organizations today but retaining them and most importantly, transitioning them according to the culture of the organization and getting the best out of them is a much bigger concern.

Talent Management in organizations is not just limited to attracting the best people from the industry but it is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization's requirements simultaneously. For instance, if an organization wants the best talent of its competitor to work with it, it needs to attract that person and offer him something that is far beyond his imagination to come and join and then stick to the organization. Only hiring him does not solve the purpose but getting the things done from him is the main task. Therefore, it can be said that talent management is a full-fledged process that not only controls the entry of an employee but also his or herexit.

We all know that it's people who take the organization to the next level. To achieve success in business, the most important thing is to recognize the talent that can accompany you in achieving your goal. Attracting them to work for you and strategically fitting them at a right place in your organization is the next step. It is to be remembered that placing a candidate at a wrong place can multiply your problems regardless of the qualifications, skills, abilities and competency of that person. How brilliant he or she may be, but placing them at a wrong place defeats your sole purpose. The process of talent management is incomplete if you're unable to fit the best talent of the industry at the place where he or she should be.

Some organizations may find the whole process very unethical especially who are at the giving end (who loses their high-worth employee). But in this cut-throat competition where survival is a big question mark, the whole concept sounds fair. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It won't be exaggerating saying talent management as a never-ending war fortalent!

Talent Management Process

1.Understanding the Requirement: It is the preparatory stage and plays a crucial role in success of the whole process. The main objective is to determine the requirement of talent. The main activities of this stage are developing job description and jobspecifications.

2.Sourcing the Talent: This is the second stage of talent management process that involves targeting the best talent of the industry. Searching for people according to the requirement is the mainactivity.

3.Attracting the Talent: it is important to attract the talented people to work with you as the whole process revolves around this only. After all the main aim of talent management process is to hire the best people from theindustry.

4.Recruiting the Talent: The actual process of hiring starts from here. This is the stage when people are invited to join theorganization.

5.Selecting the Talent: This involves meeting with different people having same or different qualifications and skill sets as mentioned in job description. Candidates who qualify this round are invited to join theorganization.

6.Training and Development: After recruiting the best people, they are trained and developed to get the desiredoutput.

7.Retention: Certainly, it is the sole purpose of talent management process. Hiring them does not serve the purpose completely. Retention depends on various factors such as pay package, job specification, challenges involved in a job, designation, personal development of an employee, recognition, culture and the fit between job and talent.

8.Promotion: No one can work in an organization at the same designation with same job responsibilities. Job enrichment plays an importantrole.

9.Competency Mapping: Assessing employees' skills, development, ability and competency is the next step. If required, also focus on behaviour, attitude, knowledge and future possibilities of improvement. It gives you a brief idea if the person is fir for promotingfurther.

10.Performance Appraisal: Measuring the actual performance of an employee is necessary to identify his or her true potential. It is to check whether the person can be loaded with extra responsibilities ornot.

11.Career Planning: If the individual can handle the work pressure and extra responsibilities well, the management needs to plan his or her career so that he or she feels rewarded. It is good to recognize their efforts to retain them for a longer period oftime.

12.Succession Planning: Succession planning is all about who will replace whom in near future. The employee who has given his best to the organization and has been serving it for a very long time definitely deserves to hold the top position. Management needs to plan about when and how succession will takeplace.

13.Exit: The process ends when an individual gets retired or is no more a part of theorganization.

Principles of Talent Management

There are no hard and fast rules for succeeding in execution of management practices, if you ask me. What may work wonders for one organization may ruin another one! For convenience sake however, there are certain principles of Talent Management that one should follow or keep in mind.

Principle 1 - Avoid Mismatch Costs

In planning for future manpower requirements, most of the HR professionals prepare a deep bench of candidates or manpower inventory. Many of the people who remain in this bracket start searching for other options and move when they are not raised to a certain position and profile. In such a scenario it is better to keep the bench strength low and hire from outside from time to time to fill gaps. This in no way means only to hire from outside, which leads to a skill deficit and affects the organizational culture.

Such decisions can be taken by thinking about the 'Make or Buy' decision. Perhaps questions like - How accurate is the demand forecast? How long is the talent required? Can we afford to develop? Answers to these questions can better help the talent management to decide on whether to develop or buy talent.

Principle 2 - Reduce the Risk of Being Wrong

In manpower anticipations for future an organization can ill afford to be wrong. It's hard to forecast talent demands for future business needs because of the uncertainty involved. It is therefore very important to attune the career plans with the business plans. A 5-year career plan looks ridiculous along with a 2-year business plan.

Further, long term development and succession plans may end up as a futile exercise if the organization lacks a firm retention strategy.

Principle 3 - Recoup Talent Investments

Developing talent internally pays in the longer run. The best way to recover investments made in talent management is to reduce upfront costs by finding alternative and cheaper talent delivery options. Organizations also require a rethink on their talent retention strategy to improve employee retention.

Another way that has emerged of late in many organizations is sharing development costs with the employees. Many of TATA companies for example sponsor their employees' children education. Similarly, lots of organizations use 'promote then develop' programs for their employees where the cost of training and development is shared between the two. One important way to recoup talent investments is spotting the talent early, this reduces the risk. More importantly this identified lot of people needs to be given opportunities before they get itelsewhere.

Principle 4 - Balancing Employee Interests

How much authority should the employees' haves over their own development? There are different models that have been adopted by various corporations globally. There is 'the chess master model', but the flipside in this is that talented employees search for options. Organizations can also make use of the internal mobility programs which are a regularfeature of almost all the top organizations.

BUSINESS SUSTAINABILITY

Sustainable business refers to the role that companies play in our world. Some use terms like corporate social responsibility (CSR). Others use expressions like corporate citizenship or shared value. They all refer to the impacts that business has on society and the environment – and the impacts that society and the environment have on business.

Sustainability covers: social issues (for example, labour relations or human rights); environmental impacts (like climate change or waste); economic aspects (such as jobs or taxes); and governance considerations.

Sustainable business has an inherently long-term time horizon. It's about creating the right conditions to sustain business success – for shareholders and other stakeholders today and in the future. Traditionally, many companies focused on philanthropy. Today, most companies consider a much wider range of business risks and opportunities.

So sustainable business is about core operations – not peripheral activities. It requires looking ahead, and planning with a long-term mindset. In order to deliver business and social value, it needs to be approached strategically.

Importance of Sustainable Business

The external environment is changing fast. Customer needs are rapidly evolving. Regulatory and investor requirements are changing. For any business, material risks might include energy prices, migration, climate change impacts, cyber-security or corruption. A managed approach to sustainable business can help to manage an organisation's biggest risks and more.

But it's not just about managing risks. By understanding long-term trends, companies can respond and realise new opportunities. Meeting future customer needs, responding to regulation faster than competitors, building reputation and motivating staff can all help create a compelling business case.

Developing a Sustainability Strategy

The starting point for a strategy must be to ask: what impact does our business have on society? Understanding the different touchpoints, positive and negative, paints a picture of where change may be needed. This is why sustainability programmes vary quite significantly between companies. A food business may focus on nutrition and packaging waste, whilst an oil company first prioritises greenhouse gas emissions and human rights.

A fundamental component of sustainable business is listening and responding to stakeholders. Stakeholders are groups and individuals who have an effect on – or are affected by – the corporation. These include workers, shareholders, regulators, non-profits, suppliers, customers and local communities. By understanding what these groups are looking for in the short-, medium- and longer-term, the business can be more successful.

Developing a sustainability strategy is an ideal time to engage colleagues in the business. Playing a role in developing the strategy can help to ensure senior leadership support the plan and employees understand their role in delivering it. Outside of the business, partnerships with external organisations – such as non-profits – may be needed to help deliver the strategy.

Linking Sustainability to the Business

Sustainable business delivers real results when it's linked to the core business. The next step on the journey is often to ask: why is our company in business? Many organisations have a vision, mission and set of values. Others develop them as part of their sustainability programmes.

Being clear on the purpose of a company is crucial to shaping an authentic sustainability strategy. This ensures that rather than featuring as a sideshow or afterthought, the sustainability strategy can build on the organisation's purpose, history and core assets. It means that rather than being a drain on resources, the strategy can create real value by contributing to business growth.

Finally, any credible strategy needs commitments. Targets are the backbone of an effective sustainability strategy. Today, stakeholders expect companies to have public goals as a sign of performance ambition. Targets, backed up by Key Performance Indicators (KPIs), provide a set of objectives for management, and a yardstick for external audiences to assess progress.

Moving from ad hoc initiatives to a strategy is no easy task. It requires planning, patience, persuasion and perseverance. But the prize at the end is clear: well-managed sustainability should create value for society as well as the business.

TRIPLE BOTTOM LINE APPROACH

Triple bottom line (TBL) is a concept which seeks to broaden the focus on the financial bottom line by businesses to include social and environmental responsibilities. A triple bottom line measures a company's degree of social responsibility, its economic value, and its environmentalimpact.

The phrase was introduced in 1994 by John Elkington and later used in his 1997 book "Cannibals with Forks: The Triple Bottom Lineof 21st Century Business." A key challenge with the triple bottom line, according to Elkington, is the difficulty of measuring the social and environmental bottom lines, which necessitates the three separate accounts being evaluated on their own merits.

BREAKING DOWN 'Triple Bottom Line (TBL)'

Normally, a company's bottom line on its income statement is its net income, i.e. its profits. Elkington's triple bottom line (TBL) is intended to advance the goal of sustainability in business practices, in which the focus of companies is extended beyond profits to include social and environmental issues to measure the total cost of doing business. An investment manager, individual investor, or CEO that wants to pursue the triple bottom line (TBL) must consciously consider, in addition to the economic bottom line, the social and environmental areas in making investing and business decisions. Deploying money and other resources, such as human labor, to a project or an investment can either contribute to these three goals or focus on profit at the expense of one or both of the other two. Some of the repercussions that have come about from ignoring the TBL in the name of profits include destruction of the rainforest, exploitation of labor, and damage to the ozone layer.

In effect, TBL is the idea that it is possible to run an organization in a way that not only earns financial profits but also betters people's lives and helps the planet. The elements of the triple bottom line are referred to as "people, profits and planet."

People + Planet = Social + Environmental Responsibility

It can be challenging to maximize financial returns while also doing the greatest good for the people and the environment. Consider a clothing manufacturer whose best way to maximize profits might be to hire the least expensive labor possible and to dispose of manufacturing waste in the cheapest way possible. The result might be the highest possible profits for the company but miserable working and living conditions for laborers, and damage to the natural environment and the people who live in that environment. In the past, such practices were more socially acceptable, but today, many consumers are willing to pay more for clothing and other products if it means that workers are paid a living wage and the environment is being respected in the production process. Many consumers want companies to be transparent about their practices and to be considerate of all their stakeholders, hence the popularity of the TBL concept that accounts for the full cost of doing business.

People:

Adding the "people" element of social responsibility to corporate bottom lines shifts the focus to the fair treatment of employees and off-site labor, as well as enacting favorable practices in the communities where companies conduct business. For example, Mars' Sustainable Cocoa Initiative requires its cocoa farmers to be certified by fair trade organizations to ensure they follow a code of conduct that includes fair treatment to those providing labor. In exchange for certification, Mars provides productivity technology and buys cocoa at premium prices.

Planet:
The bottom line referred to as the "planet" represents the implementation of sustainable practices and the reduction of environmental impact. These measures range in scope from green initiatives such as recycling programs within corporations to companies dedicated to manufacturing products using only sustainable materials. For example, Axion Structural Innovations builds railroad ties and pilings using recycled plastic bottles and industrial waste instead of using standard materials such as wood, steel and cement.

Profits:
The addition of social and environmental responsibilities can have a positive effect on a company's financial bottom line. A Nielsen report released in October 2015 found 73% of millennia's, which represent the largest consumer demographic in U.S. history, were willing to pay more for sustainable goods, an increase of 46% from 2014. The study found 56% of consumers were willing to pay more for products offered by companies committed to social values.

In addition to growing revenues, companies are integrating social and environmental standards with corporate governance policies, which can reduce the chances of brand-damaging events and missteps. In addition to governance benefits, the transformation to a triple bottom line is increasingly seen as a vital factor in building corporate brands and goodwill, which represent 30% of the value of public companies, onaverage.

Measuring the TBL

The triple bottom line can be difficult to measure because while the issue of profitability is black and white, what constitutes social and environmental responsibility is somewhat subjective. How do you put a dollar value on an oil spill — or on the prevention of one? Is it good enough to pay workers in Bangladesh three times the average local wage if that wage still sounds horrifyingly low to consumers in the United States? How do you measure the cost of child labor? Does it benefit children and their families by allowing them to rise out of poverty, or does it perpetuate poverty by denying children sufficient time to get educated and deprive them of a carefree childhood?

The upside of this lack of standardized measurement is that metrics can be adopted that make the most sense for each organization, project or location. A restaurant could measure and report on how much it reduces its waste by switching to environmentally friendly packaging and serving leftover food to a local homeless shelter that would otherwise be thrown out. A car manufacturer could measure its progress toward producing less-polluting vehicles. A government project to expand public transit could measure how much it reduces highway and surface roadcongestion.

Other key factors to report on, depending on the organization, might include job creation, employee turnover, fossil fuel consumption, hazardous waste management, percentage of women and minorities employed overall and in management positions, contributions to charity, how employee income and benefits compare with a living wage, and number of employees taking advantage of workplace benefits for pursuing higher education.

Federal, state and local governments as well as nonprofit organizations have also implemented the TBL approach. For example, Grand Rapids, MI, has applied the TBL concept to creating a sustainable local economy through focused efforts related to environmental quality, economic prosperity, and social capital and equity. Indicators used by the city to measure its Triple Bottom Line include alternative fuel usage, traditional fuel consumption, number of air pollution ozone action days, personal *income* per capita, unemployment rate, public transportation ridership, crime statistics, educational attainment, and voter participation.

Model Questions from UNIT -IV

I. Short Notes

1. Talent Management.
2. Business Sustainability.
3. Principles of Talent Management.
4. Triple Bottom Approach.

II. Essays

1. Explain in detail about Talent Management Process.
2. Discuss about Business Sustainability.
3. Brieflyexplain the importance of Triple Bottom Line Approach.