

## Talent Acquisition and Management\*

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Shri M. Balachandran, Director, Institute of Banking of Personnel Selection (IBPS), Shri K. Ramakrishnan, Indian Banks Association (CEO), IBA, members of Governing Board of the IBPS, faculty members of IBPS, my old friend and colleague, Mr. Saurabh Tripathi of Boston Consulting Group (BCG) who made an excellent presentation, distinguished guests, ladies and gentlemen. It is a pleasure and privilege to be here at the Seminar on Talent Acquisition and Management organised by the IBPS. The Seminar has very interesting objectives in that it attempts to review and evolve systems and tools for identification of talent for induction from outside and from within for recruitment, promotions and placements – in the context of changing needs of the banking industry.

2. It is only apt for IBPS to be holding this Seminar. After all, the core job of IBPS is talent acquisition through selection of competent and efficient cadres of personnel, their promotions and placement, *etc.* The institute has made good progress in doing its job. It has moved from a total of 8 lakh registered candidates in 2001-02 to screening about 13 million candidates in 2010 -11. The progress and professionalism is, indeed, commendable and I take this opportunity to congratulate Shri Balachandran, the IBPS Governing Board and their entire team.

3. Though I do not have professional HR qualifications, I do consider myself an HR person although I see things in a slightly different perspective. I believe HR cannot be a departmental function; HR cannot be an individual function. Human resource development has to be a movement in any society if we have to upgrade the knowledge and skill level in a society, which is very much required in our country.

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4. Having said that, let me return to the theme of this Seminar. The topic assumes great importance considering the fact that the banks in India today are faced with major challenges on the talent front. Currently our banks employ close to ten lakh people (9.44 lakh). Of these, around 7.5 lakh people are employed by the public sector banks. Mr. Balachandran estimates that banks will have to recruit about 7.5 lakh people in next five years and that there will be a situation where the banks will have only about 40 per cent experienced staff. The challenges, therefore, are manifold. Banks will have to plan for the following:

- A steady, carefully calibrated recruitment programme,
- As rapid technological changes transform the business – a continuous skill up-gradation exercise.
- A new generation of the workforce will be working alongside an older generation as a team. Banking, in my opinion, is a team-work and this new situation will require cultural adjustments and therefore, change management

The challenges are going to be similar for other institutions in the financial and non-financial sectors not only in India but across the globe and, yes, even for the regulators. That casts a tremendous responsibility on institutions like IBPS. Clearly, the costs of failure on this front would be very heavy. Having set the context, I will try to share with you my thoughts on talent acquisition and management. Let me begin with the definitions first.

### Meaning of Talent

5. What is talent? We must define talent. We say that Lata Mangeshkar is a very talented singer or Sachin Tendulkar is a very talented player. No, I withdraw, they are like gods. Let me choose another example. It is common to say that Shreya Ghoshal is a talented

singer or Gautam Gambhir is a very talented player. Do we also say that I have got a talented driver, or the carpenter who did the interiors at my home is very talented. While we are certainly talking about talent in respect of Gautam Gambhir and Shreya Ghoshal, it is the skill of the driver and the carpenter that we usually refer to and not their talent.

6. It is important to appreciate the difference between skill and talent. Skill is craft and technique. Skill can be taught, refined, honed and developed. Skill is simple to define. It is the term 'Talent' that is difficult to define. We hear the term being thrown around in various contexts generally associated with some kind of performance – especially in creative fields like show business, and sports. In my opinion, it is very important to understand the nuances behind the term as that will enable us to identify talent around us and then manage it.

7. The Oxford dictionary defines talent as 'natural aptitude or skill'; the Webster's dictionary defines talent as 'any natural ability or power'. The word 'natural' is common. Talent can, therefore, not be created, it can only be spotted. This is what differentiates talent from knowledge, skills or competency – all of which in some ways connect with things that are learned and not what a person naturally is. I am reminded of a story from Panchtantra:

### *The Scholars and the Lion...*

*Four men grew up together in a little village in India. Three of the men were scholars, but the fourth man never studied anything. In fact, he had never read a book in his life. He just got along as best as he could on his own common sense. But the four men had been friends as children, and they remained friends despite their differences.*

*One day, the four friends were sitting under the tree talking of this and that when one of the scholars said, 'Something has been bothering me. I have spent all my life studying, and I know many things, but I know them only from books. I don't know if my knowledge works, out in the world.'*

*'You know,' said another of the scholars, 'the same thing has been bothering me! But somehow, this little village doesn't seem to offer the scope for me to try out my vast knowledge.'*

*'Clearly,' said the third scholar, 'we must travel out into the world and try out our knowledge there.' The other scholars agreed, but then there was their friend. They had always done everything together, share and share alike, but suppose...suppose they found some lost treasure by using their knowledge? Suppose they solved a problem for a rajah and he rewarded them with gold and jewels? They had studied late into the night to prepare themselves for this work, and their friend had done nothing. He only had common sense, and which rajah would be impressed with that? They argued this back and forth, as they so enjoyed doing, but finally they decided to do as they had always done, share and share alike.*

*And so they started on their journey. They walked along for many days, and one day they saw some bones scattered by the path. One of the scholars said, 'I can tell from my studies that these bones are the bones of a lion. Now it so happens that I have learnt how to arrange the bones as they would be in a living lion.'*

*'Really?'* said the second scholar, *'that is interesting – for it so happens that from my studies I know how to clothe the bones with flesh and blood and skin and fur.'*

*'Indeed?'* said the third scholar. *'How curious! It so happens that I know the next step. Once the animal is formed, I know how to breathe life into it. Clearly, this is the place where we should try out our knowledge to see if it works in the world.'* The others agreed.

*The fourth man, the one who wasn't a scholar, was simply struck dumb by this display of learning and didn't say anything at all.*

*So the first scholar stepped forward and arranged the bones as they would be in a living lion. Then he stepped back, and the second scholar stepped forward and clothed the bones with flesh, and blood, and skin, and fur. Then he stepped back, and the third scholar stepped forward, about to breathe life into the animal, when the fourth man said "Wait! That's a lion! That's a lion you are about to bring to life. It could eat us up! Stop! Think what you're doing!"*

*'We know what we're doing,' said the scholars. 'We have studied this all our lives. Don't worry. Just leave everything to us.'*

*'Well, all right,' said their friend, 'but...could you wait till I climb a tree?' 'Certainly,' said the scholars, and they waited till their friend had climbed a convenient tree. Then the third scholar went back to the procedure of breathing life into the animal. And sure enough, the lion started breathing, opened its eyes, looked at the three scholars, sprang upon them, and ate them up.*

*After the lion had gone away, the fourth man, the one who wasn't a scholar, climbed down from the tree and made his way back to the village, taking with him no great treasure of gold and jewels, but only his own common sense.*

Talent, to me, is indeed like common sense – you have it, or you do not have it.

### **What is Talent Management ?**

8. Talent Management – is it the management of entertainers? There is an enormous array of literature and research on 'Talent Management' – and a whole lot of companies and consultancies minting money out of 'Talent Management'. What actually is Talent Management or Human Capital Management – the more fashionable phrase – implying the same thing? Talent Management describes the process through which employers of all kinds – companies, banks, government, non-government organisations, *etc.*, – anticipate their human capital needs and set about meeting them. Getting the right people with the right skills into the right jobs, a common definition of talent management, is the basic people management challenge in organisations. While the focus of talent management tends to be on management and executive positions in most organisations, we do not necessarily need all talented people in an organisation. We need to spot the people with the right kind of talent to innovate, to lead, *etc.* For me, it, therefore, also includes on-boarding new workers, and developing and retaining current workers to meet current and future business objectives.

### **Talent Acquisition**

9. As they say, it takes talent to spot talent. In the context of banking, what kind of talent are we looking at? People here would have heard of 3 – 6 – 3 rule of banking. The 3-6-3 rule describes how bankers would

give 3 per cent interest on depositors' accounts, lend the depositors money at 6 per cent interest and then be off to playing golf at 3 p.m. This alludes to how a bank's only form of business was lending out money at a higher rate than what it is paying out to its depositors. Did this require any talent? But this is not going to stay for long, for in these times of intense competition, only those who can acquire and nurture the right kind of talent are going to survive. This applies not only to banks within the country and outside, but to all the organisations across the globe, as globally, shortage is not just of talent but of manpower itself. Fortunately, in our country, we have no dearth of manpower.

10. 'Absurd bonuses for excessive risk taking' and 'an explosion of exotic socially useless product development' had been causes of the recent global crisis, Financial Services Authority (FSA) Chief Lord Turner has said. Post financial crisis, studies undertaken have showed that bank executives are more likely to carry out potentially unstable takeovers and mergers if they receive substantial bonuses for successful results.

11. Do we, in banks, need highly aggressive, over-ambitious people? When financial inclusion is a major national objective being partnered by banks, don't we need people who would be closer to the ground realities on the Indian countryside? If yes, then why should we be rushing to B-school campuses for recruitment? How many of the people recruited from such campuses will have empathy towards the poorest of the poor? I don't say that none of them will fit the bill, but are we looking for the right traits in the recruitment tests that my friends at the IBPS conduct – I understand they are going to test around 65 lakh candidates in 2011-12.

12. Professor Debashis Chatterjee, Director of IIM Kozhikode has an interesting take on the testing that we conduct for recruiting people. He says that these psychometric tools and classic tests are not useful because we can't distinguish between problem-solving on paper and problem-solving in the field. Talent, as he puts it, is transferable from one context to another but not from one person to another.

13. While the Indian banking industry faces the daunting task of recruiting freshers in droves, I would

earnestly request the organisers of this Seminar to have a serious introspection on the kind of talent that the Indian banking industry requires and spend some time in devising ways and means to spot the right kind of talent. Studies at Harvard have shown that there may be no correlation between academic performance and performance in the field. I am sure that all of us would prefer to get it right from the start by assessing exactly what we're after in terms of talent and ensuring we have what it takes to judge the candidates who want to join us. And, believe me, in the banking industry, we do need a variety of talent. Take someone whom some of us may call a congenital nagger. You might find, surprisingly, that he or she would do extremely well at tele-marketing or selling insurance. It's about one thing being negative in one context, yet positive in another. The stubbornness that Gandhiji displayed in class is also what helped him fight the British. But we seem to be lagging behind in this respect. For instance, despite all the emphasis on financial inclusion, I have not come across any study that indicates what kind of skills or talent the Banking Correspondents should have though we are going to need may be more than 2,00,000 Banking Correspondents and, they will be the lynchpins of the system that will make financial inclusion a success. I will be very happy if the IBPS does some work in this regard.

### **The Fight for Talent**

14. After we have identified the kind of talent that we are going to require, we are faced with a fight for talent. Before that, we have a fight for manpower itself. We are living in a knowledge age and our workforce will predominantly comprise of knowledge workers. From the time when people were just expected to know how to do work – to people who were expected to know what they are doing – we have now come to an age when, to be a knowledge worker he or she must not only know how and what of the work but also why he/she is doing that. In a knowledge age and in a knowledge society, it is not only the banks that will need knowledge workers – every organisation will need knowledge workers and, therefore, there is a fight for talent.

15. How do we get to acquiring people with the right kind of talent? Unfortunately, it is the same limited

talent pool that will be targetted by banks, FIs, insurance and telecom and other industries which are on fast growth track and in need of talented manpower. While my friends in the banking industry are busy developing 'on-line' application forms and 'on-line' tests, we need to probably question if we are even targetting the right kind of talent pool. I would like to have a study on how many people in remote villages, at the taluka/tehsil level, appear for the recruitment tests that are conducted. Because these might be the people who could drive our financial inclusion agenda.

16. Currently in the Public Sector Banks (PSBs), talent acquisition at the base level is only a small part of the overall crunch. As per estimates, close to 1,00,000 employees of PSBs will be retiring by 2015. These are seasoned, experienced people of whom around 7 per cent would be in Executive Grade. Replenishment at leadership positions is also a major requirement and in PSBs, we have EDs and CMDs even for one or two years. We need a larger pool of leaders to work as General Managers, Executive Directors and CMDs of Banks. Are there enough people within the PSB system with necessary talent and requisite experience to fill up these positions? Did we spot and nurture say, a pool of 200 or 500 people who would fill these positions? On the contrary, we keep hearing that experienced, senior people leave PSBs for greener pastures. While at lower levels, programmes can be developed for equipping the recruits with the right kind of skills, it would be challenging to get leaders. If there is freedom to leave the organisation at any level, and talented people do indeed leave, then the solution would be to acquire the talent back from the market place – go in for lateral induction/recruitment at senior levels. If they do not do this, then obviously the PSBs or any such organisation will be at a distinct disadvantage. Banks may also have to consider direct induction at senior levels from unconventional talent pools. Spot the right talent and provide them with a challenging work environment that the PSBs can certainly provide.

17. Another important aspect in the talent acquisition exercise would be to adapt to the new generation and strike a blend of fresh and experienced talent. Now, it would be difficult for us to get people who join us and stay their whole lives with us. This being the case, we

will have to look at diverse range of arrangements for the work force that we need. There could be people working part-time, people working as interns, people working on contract, *etc.*

### Talent Management Challenges

18. For HR practitioners, the times are going to be very challenging. The work-force will get complex and there will be a need to juggle a wide variety of people with varied needs and preferences, resulting in an array of relationships between the organisation and those who work for it. I am an avowed fan of Peter Drucker, and he had more than a decade ago, expressed the need for what he called 'non-traditional' work relations: flexible schedules, contract arrangements, and virtual teams, *etc.*

19. In the knowledge age, our entire management theories which are aimed at being more productive in the industrial society and the ethics around it will need to undergo a 360 degree change. When we talk of talent management today, it is about managing knowledge workers and there are some prerequisites for it:

- They cannot be treated as subordinates, but associates
- They cannot be managed, but led
- They will work flex-time and flexi-place but would need a 'home base'
- Above all, they cannot be purchased or bribed, they have to be empowered.

20. Then, the challenging task of 'Talent Management' will have to be handed over to a central HR function – away from the line managers. The human resources function, would serve as the 'home base' for the organisation's workforce - attracting, tracking, developing and orchestrating this complex talent corps. Like staffing managers in professional service firms or talent agencies in the film industry, this new talent management function would help connect the right people with the next challenging job. Meanwhile, traditional line managers would evolve to roles more similar to programme managers or film directors – setting direction and running the team of employees who have been assigned to the task or department at that moment in time

21. As I mentioned earlier, there is a whole industry growing around 'Talent Management' today – most of it technology driven. But how do we make sense of the choices available today? There is emergence of new social media-driven solutions, to acquisitions and additions of new functions by the big technology players, the landscape is constantly changing. These so-called 'Talent Management Systems' broadly have the following components:

- (a) Recruitment
- (b) On-boarding/Induction
- (c) Training and Development
- (d) Performance Management
- (e) Succession Planning
- (f) Employee Retention Initiatives and finally;
- (g) Employee Separation

While I have no quarrels with the overall structure of the Talent Management process, I do not think that there can be a one-size-fits-all kind of an approach. There will certainly be some common core elements of strategy but it is important that an organisation's talent management strategy is tailored to suit its culture, values, goals, size and geographic spread. The core elements could be:

- Consistent, documented and transparent talent assessment criteria, processes and definitions to identify top talent, high potentials and successors.
- Career and development discussions to ensure managers know their direct reports' advancement and relocation desires.
- Talent review meetings that are designed to increase talent visibility and to calibrate succession plan and high-potential selection decisions.
- Follow-through of development action plans as identified in the talent review meetings to prepare successors and high potentials for career movement and advancement.

22. Having listed the core elements of the talent management strategy, I want to add a new dimension. We often define high-potential employees as ones who have the talent to move above the level of their current position to say, two levels above their current position.

Why don't we slightly tweak this and include the candidate's capacity to move across, say, two or three other functional areas as well? A true high-potential employee should also be willing to take on the risk and challenge associated with career movement in new positions outside of his or her core area. Further, as banks have a large geographic reach, high-potentials should also be willing to relocate to other geographic or international regions to build their global knowledge and expertise.

23. Now, should we be working on identifying top performers alone? All of us are keen to identify top performers, but how many of us want to identify the weak performers? In any system, it would not be possible for us to have only top performers. There will be average performers and weak performers as well. Why do we need to identify weak performers? Not because they should be sent home – not that I have a problem if you want to send them home. They need to be identified and worked upon – it is they who can really make a big difference. For example, if a teacher works hard on a student scoring 95 per cent marks, the maximum that can happen is an increase by a couple of percentage points, whereas, if he works hard on a student getting say 35 per cent marks, there is a possibility of him or her moving up by 15 – 20 per cent, if not much more.

24. In the end, let me say that when dealing with talent:

- (a) Create clear-cut deliverables
- (b) Create creative tension (a little pressure)

- (c) Encourage mobility – both horizontal and vertical, and within and outside the organisation and;
- (d) De-layer the organisation.

Also, as we are talking of talent management, let me add an element of work culture – we, all of us, somehow tend to ignore the role of culture in talent management. Let us develop a culture in which people who perform are celebrated as heroes. If you incentivise the heroes, also disincentivise those who do not perform.

25. After having talked so much on talent, as an antithesis, I want to let you ponder over what Albert Einstein said about his talent:

"I know quite certainly that I myself have no special talent; curiosity, obsession and dogged endurance, combined with self-criticism, have brought me to my ideas."

Ladies and gentlemen, I hope whatever you have learnt today will put you in good stead and you will put them to good use in your organisations. I wish the follow-up of the action points of this Seminar a success and thank you.

*Select References:*

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