TALENT MANAGEMENT AND SUCCESSION PLANNING

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Abstract:
Today labor markets are entering a new phase which is characterized by talented and efficient workforce scarcity. The present research intended to investigate the talent management as well as succession planning (SP) processes for talent absorption, retention and development by use of descriptive and inferential statistics and its statistical community included managers and experts of the Iranian Refahe Kargaran Bank branches within Tehran province. The literature research of the present research firstly focused on the history of human resources defining the “Talent” itself and then speaking of the “Talent Management” (TM) in government organizations and bodies, the competitive advantages of TM and its differences with meritocracy, the existing views within talent management and definition of high-potentials employees. Next, the existing dimensions within talent management including talent absorption, performance management and absorption channels were discussed. For the same purposes and with respect to talent management assessment firstly the assessment criteria were investigated in the areas including talent development, the existing performance experiences, coaching, mentoring and the career path management; with respect to talent retention, motivational needs, leadership, values and number of absorbed talented workforce were discussed as well. Secondly, the succession planning discussed in detail and relevant definitions were presented and then the existing processes within succession planning as well as the succession planning management within different organizations referred accordingly. Based on the statistical findings of its assumptions, the present research implied that the talent management and succession planning within government organizations, presently, do not meet the requirements so some recommendations produced within the same respects.

Keywords: Talent Management (TM), Succession Planning (SP), Talent Absorption, Talent Retention, High-Potential Employees

Introduction:
Every organization may promote employees’ satisfaction and its competitive advantages by making investment in its human resources and by alignment with the business strategies (Bround and Kohl, 1:2007).

Human resources experts believe that talent management system is the key element to the survivability and sustainability of every organization. Such a system includes processes of absorption, identification and retention of those employees who constitute the talent core of every organization and who represent a small percentage of the employees at highest level in favor of the organizational interests (Berger 4:2004).

The present research tried to shed more light on the existing talent management as well as the succession planning status within the Iranian Refahe Kargaran Bank.
Literature Research and the Theoretical Framework:

Assessment of Human Resources Responsibility:
Personnel Section (between 1970 and 1980): In this system, the salary system was developed and the role of business and its responsibilities were well understood. During this period, the only available criteria for making judgments on employees and their replacement was their absence from work or similar criteria.

Strategic Human Resources Section (between 1980 and 1990): This section was concerned with job design and role, organizational structure design, recruitment, training, and promotion of employees' performances.

Talent Management Section: In this section, a new approach was introduced; the need for processing and strategic systems and the need for the existence of integration between the process and strategy within such a system (Fang Fang Lee, Per Doos 2008: 3).

Difference between Human Resources Management and Talent Management:
Human resources management is focusing its attention mostly on individual development in line with the performance management and it is more or less supported by offering rewards and financial incentives (money, etc). This occurs while talent (talent is defined as a certain level of competence) management is considered as a perspective that is considered as a part of the strategy known as the strategic property. This perspective, as a strategic and far-reaching strategy, can lead to the education of competent leaders (Cheese 2007: 83).

Current Perspective within the Talent Management:
Although talent management is known as a certain process or method, different perspectives of its concept have already been produced as follows:

- Culture Perspective: Based on this perspective, talent management goes beyond a certain way of thinking within a set of activities (Krilman, 2004).
- Process Perspective: This perspective refers to a set of processes required for promotion of individual competence within an organization.
- The Human Resources Planning Perspective: This perspective refers to the talent for identifying right individuals, adjusting them with right jobs, in a right time, for doing right things (Mucha 2004).
- Competitive Perspective: This perspective is based on ideas emanating from the talent management impression of talent diagnosis (Wopodretefe 2005).
- Development Perspective: This perspective is focusing its attention on the models for high-potential employees' rapid development (Wilcix 2005).
- Change Management Perspective: This perspective is used as a tool in favor of talent management within every organization (Lovler 2008).

Definitions and History of the Talent Management Concept:
The talent management system (TMS) was firstly raised and discussed in the Wharton School of Business at the Pennsylvania University. As Bryan (2006) stipulates “talent management is an effective tool for identification of values and talents in order to put right individuals in the right places”. Skavier also believes, “talent management includes all activities for identifying; selecting; developing; rotating; and reconsidering the workforce force based on the required analysis and planning”. As Bhatanger specifies “talent management includes such areas as recruiting employees, sorting out employees, mentoring, performance management, career path management, and succession diagnostic reward.”
Relationship between the Talent Management and Meritocracy:

Meritocracy is a system within a government or organization which gives priority to abilities, competence and talent of individuals over individuals’ wealth, cronyism, nepotism, class advantages, reputation, or other factors like political, social and historical backgrounds. Two sets of factors can affect meritocracy: Internal and external factors. Meritocracy in fact refers to a holistic system at macro level. In such a system all employees within every organization may promote their competence. This approach is also of an external dimension based on which all organizations are needed to implement such a mechanism (Merit System) within their departments (Tabatabaei and Ansari, 2006).

Talent management relates to absorption, retention and management performances as well as identification of talented human forces that represent a small percentage of employees at highest level within every organization.

Talent Management Dimensions:

In the present research talent management dimensions including diagnosis process, talent absorption, talent development, succession and replacement as well as talent retention were attended to and discussed.

Talent Diagnosis and Absorption:

This phenomenon considers employees as commodities strange to changeability within every organization emphasizing new resources with diverse approaches (Cheese 2007, p 90). Absorption of individuals is considered as a well-developed process from demographical view point. In other words every organization needs different individuals with better skills in every field; the people who are enjoying rooted talents in relevant areas (Estis, 2008 p 50).

For identification of talented workforce within every organization talent management, performance management, performance assessment and scorecard are used. It is notified that for talent management different definitions have been produced. In 1992 Hooghiemstra proposed that competencies and merits can also be described as motives, traits, self-concepts, attitudes, knowledge, or cognitive and behavioral skills. Consequently, integration of the performance and learning management can turn the performance management into an active process for identification and presentation of opportunities for promotion and dynamism in favor of job development of the employees.

After identification of talent, talent absorption shall be given priority. For talent absorption either external or internal channel or both of them may be used. Nowadays on-line employment process is also widely used for this purpose. Main advantage of this channel is that applicants can have round the clock access to its services and its major disadvantage goes back to fact that it gives a very vague image of every applicant. After recruitment we will face the question on how to employ the employees. According to Cunningham strategy during absorption of the required workforce we need to adjust the employee to his/her job or vice-versa, adjust the job to the employee.

When we are talking about recruitment within the concept of talent management we have to primarily deal with high-potential employees. High-potential employees enjoy the following traits:

1- Result guidance 2- Individual skill 3- Mental ability 4- Lifelong learning 5- Mental cohesion 6- Flexibility 7- Energy
Talent Assessment and Talent Discovery

Today, in line with progress and development of the system every organization can evaluate its employees in order to identify its talented ones by establishment of quantitative security and stability and by ranking its relevant indicators (Brand and Kohl, 2007, 1). One of the tools which can be used to this end is the Site Meter scale.

The most important indicators in this respect, according to their significance, include the following:

- Good inter-personal skills;
- Excellent oral and written communication skills;
- Leadership ability;
- High intelligence;
- Product knowledge;
- Knowledge on the markets and policies of the organization;
- Organizational skills;
- Planning and prioritizing skills;
- Technical competence;
- Anti-stress and anti-ambiguity skills;
- Team making skills;
- Perseverance;
- Ability to select and promote employees;
- And general management skills (Tadayon- 2006, p 107).

In the next step we have the competence categories. Five most important categories in this respect are as follows: 5- High-potential 4- Promotable 3- Horizontal mobility 2-The last candidates 1- Non-promotable.

Altman categorizes employees as follows: a-The successful b-Excellent executors c-High fliers 4- Talented.

In this process every organization is trying to identify the most talented individuals with the purpose of establishing a reservoir of talent. Within the same respect the employment application form is considered as the first step for screening the applicants and interview with them is the second step to this end. After identification of qualified and talented individuals and the posts, commensurate with their abilities, the organization starts to build the talent reservoir.

Talent Development

After absorption of talented individuals the next move is to develop and promote employees’ talents and qualities. Most organizations do not face any problem in the matter of quantity and their problems typically go back to the quality and competence of their employees. Therefore new approaches to development are giving priority to job experience, teaching experience, mentoring, organizational learning, vocal and self-education, on-job training, job rotation, planning and developing facilities and capacities and 360-degree assessment.

Obtaining work experience and making use of others’ experiences (particularly the senior leaders) and in short major part of the learning management is taking place within the work environment. It is worth mentioning that certain experiences will facilitate further development of the talent capacity. These experiences are attained mostly through handover of work responsibilities, in the training programs and through activities beyond the work environment.

Knowledge based coaching supports non-structural experiences and combinations giving them to employees as feedback. Such process considers the coach as owner of experiences and the relationship between experiences and events transpired within the organization. Accordingly every manager or director is considered as not only a noble person but as an element which gives peace and comfort to the entire work environment.

On the mentoring process Michaels in 2001 notified that every manager needs to promote self-actualization in his high-potential employees by encouraging and supporting those ideologies which promote high-potential employees’ capacities in order to flourish their outstanding talents.

On career path management, Cunningham (2007) stipulates that it in fact provides an opportunity for every individual to choose, develop and immediately focus on desired programs in various critical situations. Cunningham believes that career path management facilitates early identification of talents and handover of responsibilities to the right people.
when the organization is facing critical challenges. Another means for development of talented individuals is training or education. Education is considered as a tool for development and a basis for providing answers to realistic and important trade questions and problems. Nowadays we can see that different training institutions have been created for development of talented individuals. For example Infosys Technology is now playing a key role in the information technology industry at international level.

**Talent Retention**

Retention may be discussed as a separate independent entity in talent development. There are different factors affecting talent retention including leadership, commitment, value, communication, as well as incentive programs like giving rewards or compensation of valuable services rendered by the employees. With respect to the organizational values on the talent retention, X and Y theories as well as Ibrahim Mazlow theory can be used. On the role of the organizational commitment it is notified that this concept is of utmost significance within the talent management and even it may lead to replacement of procrastinator employees. It goes without saying that when the workforce lacks organizational commitment the retention costs will go beyond the organizational capacities (Frank et al., 2004). With respect to motivations and incentives Mc Leland and Herzberg theories can be of great use. Herzberg is arguing that there are two distinct human needs portrayed (two factor theory). First, there are physiological needs that can be fulfilled by money, etc. Second, there is the psychological need to achieve and grow, and this need is fulfilled by activities that cause one to grow. This two factor theory is based upon motivators and hygiene factors. Herzberg believes that access to self actualization shall pass through motivation requirements. But Adam’s theory of motivation intends to create a sense of fairness at the heart of equity vis-à-vis sense of unfairness and inequity. This theory finally reaches the conclusion that inter-organizational relationship is considered as an effective factor for retention of the employees. But the main point in this respect is not to keep the offending and non-uniformed employees. The non-uniformed employees require a separate their talent development program and they need their own special head or director. These heads or directors shall be responsible to promote performance of these employees or when it is necessary to remove them from the organization replacing them with new talented work force.

**Succession Planning**

In 2008 Hamnett added that the center for succession planning process is playing a key role for bridging the gap between the existing and future trade challenges with the requirements of the leadership strategy. According to studies made by Sandrk Collins in 2007, the succession planning measures have already been implemented in the health services organizations due to the pressing need of these organizations to identify talented leaders out of the nominated individuals.

Succession planning is defined as the drive to employ high-potential individuals for different leading posts in every organization with the purpose to maintain the leadership high quality for now and future given the existing constraints (Charenet, 2001, p176). Accordingly succession planning at lower levels also facilitates the relationship with the employees and provides a proper definition for competence and availability of structural employees encouraging the employees to follow the career path given the
available opportunities. In this way assessment of the weak and strong points among the employees becomes possible and professional development, identification of suitable opportunities, job cycling and provision of incentives for the employees will be facilitated.

Our failure to attend to the succession planning will lead to more limited structures and opportunities for succession development. On its part a more limited organization will face more difficulties in finding alternative workforce leading to more limited budget resources. And the more limited budget resources will encourage the active leaders within the organization become absent from their post and leading to their failure to attend to the highly-skilled and high-potential employees.

Succession planning Process:
Based on the studies made by Newfoundland Laboratory a framework has already been set for succession planning process as follows:
First - Identification of key posts or groupings for now and future: For this purpose we need to attend to two key criteria including critical risk and retention risk
Second – identification of required competence for different posts and groupings: All posts require a set of knowledge, abilities and skills for carrying out their expected responsibilities.
Third- Identification and assessment of the potential candidates: Main purpose is to create an opportunity for learning and development in favor of future roles of individuals within the organization.
Fourth-Learning and Development Program: This program is focusing on bridging the gap among the employees’ knowledge and information, learning development and the strategic policy
Fifth- Implementation of the Relevant Strategy and Assessment of the Effectiveness: Making assessments every 6 months to one year.

Succession planning Management:
According to Lardner LLP and Foleys (2009) the succession planning management includes the following activities:
-To define responsibility of the program
-To Identify root causes of events
- To identify candidates deprived from the right for substitution in companies
- To identity failures in drawing succession planning program
- To reconsider and enrich the relevant program on regular basis

Succession planning Assessment centers
Nowadays numerous tools are helping talent management and succession planning. One of these tools is the succession planning Evaluation centers.
Based on the definition produced by assessment centers assessment is considered as a process for evaluation and evaluation is considered as a process which is designed and carried out by merging some practices and methods based on analysis of the most important jobs.
In the assessment centers behavior of people are evaluated and based on their performances in a number of special drills the relevant reports on the weak and strong points and development requirements are produced (Williams 1999, Carrick). To this end also some centers have been established for employment; the centers which are responsible to identify weak, strong and upgradable points of individuals in favor of their further development. These centers include assessment centers and development centers.
But three major responsibilities of these centers are to identify training requirements, development requirements and the requirements for improvement of competence (Soltani, 2007, p 33).

As an example for the assessment center we may refer to the assessment centers established in IBM and SIRZ companies in 1974; General Electric in 1972; and the assessment center in (USA) California University.

Leadership Development Program and Competence Modeling for Succession Planning:

One of applications of the succession planning is to identify and develop future leaders. With respect to the above-mentioned modeling we need to bring the following to our attention:

1- What experiences are useful for a leader with good performance within the organization? Based on the studies carried out by E. Stanley Lee. et al, (Taiwan, 2010) on the talent management and succession planning the following criteria have been emphasized for a high-potential leader:

Management experiences, good performance, responsibility experiences, experiences in different locations.

2- What competencies a leader requires to have?

3- When competition is not limited to a certain area and we need to compete at international level what skills we need to posses?

4- How we can survive in a rather changeable and complicated environment?

5- How a learning organization can be successful in dealing with the growing competition?

Key questions of the present research:

1- How the talent management and succession planning within the Refah bank is evaluated?

2- How do the existing methods used in promoting the Refah Bank capacity in absorbing and recruiting talented individuals work?

3- How do the methods used in Refah Bank in identifying and selecting talented workforce work?

4- How do the methods and mechanisms used in favor of growth and development of the employees within the Refah Bank work?

5- How the responsibilities of the senior managers of the Refah Bank in the field of succession planning are shouldered?

Descriptive Results and Findings of the Present Research

Assumptions of the Present Research

First Assumption:
The talent management and succession planning processes in the Refah Bank produce desirable results.

Questions raised with respect to the said assumption included questions q5 to q13. These questions merged and the new variable of Z1 produced. Then by use of the average test the assumption was investigated. Statistical assumptions included the following:

\[ H_0 : \mu_1 \geq 2.5 \]

\[ H_1 : \mu_1 < 2.5 \]
\( \mu_1 \) was the average of \( Z_1 \) variable. Then we needed to define \( D = Z_1 - 2.5 \) variable. Therefore we had:

\[
\mu_d = \mu_1 - 2.5.
\]

Accordingly we reached the following assumptions:

\[
\begin{align*}
H_0 &: \mu_d = 0 \\
H_1 &: \mu_d \neq 0
\end{align*}
\]

Based on the following table \( H_0 \) assumption was rejected at the meaningfulness level (0/000).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistic Value</th>
<th>Degrees of Freedom</th>
<th>Test Meaningfulness Level</th>
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</table>

Given the fact that the average difference between \( D \) and 2.5 was positive then we concluded that \( \mu_1 \) value was more than 2.5.

In other words we reached the conclusion that the talent management and succession planning systems within the Refah Bank do not produce desirable results.

Second assumption:
The existing methods and mechanisms used in the Refah Bank in absorbing and recruiting talented workforce produce desirable results.

Questions raised with respect to the said assumption included questions q14 to q18. These questions merged and the new variable of \( Z_2 \) produced. Then by use of the average test the assumption was investigated. Statistical assumptions included the following:

\[
\begin{align*}
H_0 &: \mu_2 \geq 2.5 \\
H_1 &: \mu_2 < 2.5
\end{align*}
\]

\( \mu_2 \) was the average of \( Z_2 \) variable. Then we needed to define \( D = Z_2 - 2.5 \) variable. Therefore we had

\[
\mu_d = \mu_2 - 2.5.
\]

Accordingly we reached the following assumptions:

\[
\begin{align*}
H_0 &: \mu_d = 0 \\
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<td>17.047</td>
<td>100</td>
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<td>( H_0 ) Assumption Rejected</td>
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</table>
Given the fact that the average difference between D and 2.5 was positive then we concluded that $\mu_3$ value was more than 2.5. In other words the existing methods and mechanisms used in the Refah Bank in absorbing and recruiting talented workforce do not produce desirable results.

Third assumption:
The existing methods and mechanisms used in the Refah Bank with respect to the talent management are in line with the employees’ growth and development. Questions raised with respect to the said assumption included questions q19 to q26. These questions merged and the new variable of $Z_3$ produced. Then by use of the average test the assumption was investigated. Statistical assumptions included the following:

$$\begin{align*}
H_0 &: \mu_3 \geq 2.5 \\
H_1 &: \mu_3 < 2.5
\end{align*}$$

$\mu_3$ was the average of $Z_3$ variable. Then we needed to define $D=Z_3-2.5$ variable. Therefore we had $\mu_d = \mu_3 - 2.5$. Accordingly we reached the following assumptions:

$$\begin{align*}
H_0 &: \mu_d = 0 \\
H_1 &: \mu_d \neq 0
\end{align*}$$

Based on the following table $H_0$ assumption was rejected at the meaningfulness level (0/000).

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Given the fact that the average difference between D and 2.5 was positive then we concluded that $\mu_3$ value was more than 2.5. In other words the existing methods and mechanisms used in the Refah Bank with respect to the talent management are not in line with the employees’ growth and development.

Fourth assumption:
The existing methods and mechanisms used in the Refah Bank with respect to the succession planning are in line with the employees’ growth and development. Questions raised with respect to the said assumption included questions q27 to q32. These questions merged and the new variable of $Z_4$ produced. Then by use of the average test the assumption was investigated. Statistical assumptions included the following:

$$\begin{align*}
H_0 &: \mu_4 \geq 2.5 \\
H_1 &: \mu_4 < 2.5
\end{align*}$$

$\mu_4$ was the average of $Z_4$ variable. Then we needed to define $D=Z_4-2.5$ variable.
Therefore we had 
\[ \mu_d = \mu_4 - 2.5. \] Accordingly we reached the following assumptions: 
\[ H_0 : \mu_d = 0 \]
\[ H_1 : \mu_d \neq 0 \]

Based on the following table \( H_0 \) assumption was rejected at the meaningfulness level (0/000).

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<td>100</td>
<td>0/000</td>
<td>( H_0 ) Assumption Rejected</td>
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Given the fact that the average difference between \( D \) and 2.5 was positive then we concluded that \( \mu_4 \) value was more than 2.5.

In other words the existing methods and mechanisms used in the Refah Bank with respect to succession planning are not in line with the employees’ growth and development.

**Conclusion and Recommendations**

**Conclusion:**
- The first assumption was rejected. In other words we reached the conclusion that the talent management and succession planning systems within the Refah Bank do not produce desirable results.
- The second assumption was rejected. In other words the existing methods and mechanisms used in the Refah Bank in absorbing and recruiting talented workforce do not produce desirable results.
- The third assumption was rejected. In other words the existing methods and mechanisms used in the Refah Bank with respect to the talent management are not in line with the employees’ growth and development.
- The fourth assumption was rejected. In other words the existing methods and mechanisms used in the Refah Bank with respect to the succession planning are not in line with the employees’ growth and development.

**Recommendations:**
- To promote the existing talent absorption policies and systems by providing talented individuals with financial and non-financial incentives; to create an educational and scientific training environment within the Bank; to promote relationship between the academicians and the Bank’s research centers for identifying talented individuals with emphasis on domestic workforce.
- To promote assessment and competencies identification systems; to further develop the assessment centers; to use the outcome of the performance assessment reports as well as the performance experiences and views of the relevant field directors and managers.
- To promote the talent development system; to change the managers’ training view to educational one; to grant scholarships; to implement plans and programs including
cycling coach job, job mentoring and 360 degrees assessment; to use experienced retired individuals as part time workforce.
- To preserve the talents retention system by giving rewards; to promote communication between the senior managers and directors on one side and talented individuals on the other side; to promote individuals commensurate with their talents and competencies.
- To promote succession planning system and create a strategic approach in this respect in the managers; to promote organizational culture; to establish a talent management and succession planning department within the organizational structure.
References