

EVOLVE AND THRIVE

# Rethinking Talent Management



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## Introduction

Managing talent—meaning, the workforce—has always been an important function of HR. But the rapid pace of change in recent years has shed new light on how talent management impacts every aspect of the business.

The widespread shift toward remote and hybrid work, the movement toward skills-based hiring, and the need to provide employees with greater flexibility are just a handful of the changes companies must consider when designing a talent management strategy.

But here's what hasn't changed: employees, wherever they work, want to feel connected and engaged. They want the potential for career growth and to know that they add value in their role. Employees still desire to remain relevant in today's changing world, so they want continuous learning and development opportunities to acquire new skills. And companies, as always, want to hire the best talent and remain nimble amid changing business conditions.

Now more than ever, talent management strategies need to be flexible and agile—not only to best manage the talent lifecycle, but to also give organizations instant insights into the power of the workforce.

This eBook provides an overview of talent management and how it has changed, and how talent management systems enable companies to develop an engaged, skilled, and productive workforce.



## What is talent management?

Talent management is about taking a strategic approach to attracting, retaining, and developing a workforce—because running a company requires more than just hiring people who can perform specific tasks. Companies need to build a competitive workforce by sourcing in-demand skills, investing in continuous learning and skills development, and managing and optimizing performance.

The skills that a company needs evolve as the company grows. At Workday, we believe that applying a skills-based lens to optimize talent enables workers to meet changing business demands. At the same time, the approach to workforce management also needs to change.

In other words, talent management is less about management and more about enablement. Companies that invest in the employee experience, from retention to development and more, enable their employees to not only successfully complete tasks, but to also achieve business outcomes.

Companies need to build a competitive workforce by sourcing in-demand skills, investing in continuous learning and skills development, and managing and optimizing performance.



## The difference between talent acquisition and talent management.

Talent acquisition focuses on sourcing talent outside of the organization, and involves everything needed to recruit, interview, hire, and onboard talent. Talent management, on the other hand, focuses on nurturing talent from within the organization and providing them with skills development opportunities, as well as measuring their performance. A good talent management plan brings out the best in employees and helps them build career paths that enable them to flourish, identifies needed skills with jobs and particular workers, and ensures that learning is targeted and continuous.

Talent management shouldn't be a separate business process—it's integrated with most activities across the company. Talent management can include such things as connecting people to development opportunities, as well as company-wide programs designed to elevate talent through training, learning, mentoring, and personalized workplace experiences. As HR expert Josh Bersin explains, people don't just want jobs anymore—they want an employee experience! Talent management is about delivering the right experience at the right time for every employee.

While retaining and growing talent is widely considered a top HR priority, it's not HR's only function. At a foundational level, HR institutes workplace policies, benefits, and payroll. And although these tasks are sometimes considered transactional, they are foundational operations of every HR department. Depending on the company, HR responsibilities can also include talent acquisition, compliance tracking, workforce planning, and more. When HR operates as a more strategic function to the business, it typically takes an active role in the organization's people strategy, which includes building the employee brand, engaging the workforce, and more.

Despite having many responsibilities, HR collectively places a priority on growing talent and improving performance, increasing employee engagement, shaping company culture, and understanding business needs.



## How talent management has changed.

Business and human capital management (HCM) practices have evolved significantly over the past decade. A shift in the fundamental nature of work, new technology, and the demands of younger workers are changing how work gets done, how employees engage, and how organizations operate.

As a result, companies are reimagining performance management by moving past annual performance reviews and employee rankings. Instead of focusing on what employees have done in the past, attention is turning to what employees can do to increase their future contributions. At Workday, we believe this means a shift from managing performance to enabling performance.

Consider this: unprecedented disruption in the past few years necessitated a huge shift to remote work. Then, as companies and workers adjusted, the shift became the new normal. Now, many workers continue to expect at least some flexibility to work remotely, reinforcing the outlook that career opportunities are no longer tied to geographic location. That outlook is the same for companies: there are more opportunities to source talent from all over the world, requiring companies to revise their talent management strategy to engage and enable a remote or hybrid workforce. This likely includes providing more remote learning and development opportunities, and leaning into digital tools that foster remote collaboration.



## Why is talent management important?

People are the heart of a company. Without the right talent, companies risk a disengaged culture, low customer satisfaction, and most importantly, a lack of innovation. Employers today face a more complex talent management landscape than ever before, and those that manage talent well will have a competitive edge over those that do not.

Traditionally, expenses related to employees were viewed as a cost to the business. But to keep up with the rapid pace of change, companies must be able to nimbly leverage the skills of their employees for innovation and growth—so companies must continually invest in employee development.

In other words, talent management matters because more engaged employees are more productive employees, which in turn affects a company's bottom line. According to the "State of the Global Workplace: 2022 Report" conducted by management research firm Gallup, "Business units with engaged workers have 23% higher profit compared with business units with miserable workers."<sup>2</sup>



## The key benefits of talent management.

Strategic talent management helps an organization better understand, align, and develop its workforce. With detailed insights into their workforce—such as behaviors, productivity, skills, and aspirations—leaders can better drive company growth, and help the organization realize the full value its workers can deliver. Good talent management also helps an organization:

- **Lead change.** By understanding workers' skills and capabilities, company leaders can better inform global business planning and achieve strategic objectives.
- **Empower employees to drive their careers.** When people are enabled to do their best work and discover new opportunities, it has a positive effect on overall company performance and delivers the best results for colleagues, customers, and the organization.
- **Engage people.** When an employee feels connected to their work, their colleagues, and the wider business, they often perform well beyond their required duties and show a high degree of commitment. As indicated in the Workday "Employee Expectations Report 2022,"<sup>3</sup> the employee engagement score for employees who remain with a business is 13% higher than the average score of departing employees. Continuous and periodic feedback, as well as regular check-ins, are talent management strategies that can drive engagement and enhance workforce development.





## Talent management processes.

Talent management processes include any procedure related to attracting, developing, and retaining workers. These processes are at the heart of company success because they focus on the biggest asset for every company: its people.

Talent management processes are used in the following areas:

- **Onboarding.** A process that acclimatizes new employees to company culture and provides training on various company procedures and systems.
- **Performance enablement.** Traditionally, organizations have managed employee performance by focusing on the past and “monitoring” performance. However, companies are starting to shift toward performance enablement—a forward-facing approach designed to empower employees to drive their career progression. Performance enablement processes emphasize ongoing dialogue and development (continuous performance management), and a greater focus on building career experiences.
- **Training and performance support.** Training, online learning, and other tools enable workers to reach their full potential, expand their skills and capabilities, and prepare for new career opportunities. Learning and talent mobility are especially critical for companies that want to keep their employees engaged and close the skills gap within the organization through reskilling or upskilling.
- **Succession planning.** This ensures that the company has capable managers and leaders moving up and through the ranks.
- **Compensation and benefits.** Often what attracts employees initially to a company, a robust compensation and benefits program helps ensure that top talent remains with the company.
- **Critical skills and gap analysis.** Many organizations are going through a transformation, particularly in the area of digital skills essential for increased organizational agility. By assessing the skills of today’s workforce, and the projected skills and capabilities needed in the future, companies can better plan for and prepare a workforce that fills the gaps and roles the company needs in order to take full advantage of available opportunities.

Talent management processes contribute to workforce planning and strategic planning. While workforce planning determines the what, where, when, and cost of employees needed to execute the business plan, talent management addresses how a company develops and maintains the talent needed. The same goes for how talent management relates to the company’s strategic plans—talent management shapes the talent strategy to meet performance goals that will support company objectives.



## Defining a talent management system.

The level of employee engagement is one of the biggest indicators of high or low productivity, innovation, customer satisfaction, and profitability. But to strategically drive employee engagement, organizations need insights into the business, their people, and their skills.

Cue the modern talent management system. Historically, talent management systems focused on integrating talent practices around job competencies. However, a progressive talent management system supports and facilitates the employee experience and then connects those experiences to the business strategy. The employee experience is every interaction with the company—from the candidate experience to hiring, from professional development and well-being programs, and more. Using the insights gained from supporting and facilitating the employee experience, companies can hone business strategies across the organization, from identifying skills gaps to retaining high potential talent, and more.

For instance, every company would like to strategically retain top talent and build high-performing teams across the organization. But where do you start? And how do you know if you're on track? A talent management system empowers companies with the insights they need to create an environment for employees to do their best work, and the analytics to measure its success. Some talent management systems may utilize employee surveys to measure sentiment on workplace culture and experience, which are both important factors regarding employee retention and performance.

Inclusivity is another common goal among today's organizations, so a modern talent management system that provides critical insights and facilitates processes to improve diversity and belonging is key. Measures to improve diversity and belonging can include using a data dashboard on demographics to see where your company stands on diversity metrics, removing unconscious biases in the hiring process by covering up identifying information on resumes, and nurturing a culture of belonging with product features that welcome contributions and foster broader connections.

What's more, companies gain richer and deeper insights into their workforce when talent management and HCM are in the same system. A single system allows companies to more easily align and analyze workforce trends and goals with an organization's goals and initiatives.

A progressive talent management system supports and facilitates the employee experience—and connects those experiences to the business strategy.

## Talent management: a competitive differentiator.

An agile, people-first talent management strategy will enable workers to be their best selves and encourage career mobility via continuous learning and access to information. But a company's talent management strategy needs the support of an agile talent management system in order to access the talent and skills needed to address challenges, seize growth opportunities, and remain competitive.

## Driving an agile talent strategy with Workday.

When it comes to crafting a talent plan, only Workday has the robust tools to support your unique strategy.

Workday is the only system that focuses on the talent journey throughout the entire worker lifecycle while emphasizing a skills-based people strategy, from recruiting to learning to leadership-building and more. Workday captures a worker's skills as they first enter the organization and provides learning opportunities as they seek career advancement, continuously monitors worker sentiment, and informs leadership of skills gaps and retention risks. When it comes to rewarding workers for their performance, compensation sits right alongside all other functional areas so that decisions can be made with the whole picture in mind.

And as part of the holistic Workday system, Workday Talent Optimization helps engage and retain employees by providing them with a complete picture of career growth opportunities at their workplace. In addition, Skills Cloud in Workday enables Workday Talent Optimization to show personalized insights based on the employees' skills profiles to meet employees where they are in their career journey. With Workday, organizations can:

- Continuously monitor worker sentiment and talent development for data-driven decision-making
- Leverage a dynamic skills foundation that uses machine learning and analytics to surface the skills the organization has today and the skills needed to achieve future business outcomes
- Understand and nurture top talent by empowering managers with the tools they need to support their workers' career journey

- Engage workers by giving them career development tools to explore their options, identify their strengths, and mobilize internally, as well as by providing them with the opportunity to share their sentiments and be a catalyst for change at the organization
- Conduct intelligent listening at scale by using machine learning to collect and analyze confidential feedback from employees in real time

As an organization strives to adapt to change, accurate and real-time data becomes key for driving business performance. From understanding what workers care most about to using people analytics to identify challenges, Workday provides streamlined data so you can craft the most effective talent management strategy.



## Endnotes

<sup>1</sup>Josh Bersin, "[Create a Meaningful Employee Experience: Workday's Global Impact and Employee Life Team](#)"; 2020.

<sup>2</sup>Gallup, "[State of the Global Workplace: 2022 Report](#)"; 2022.

<sup>3</sup>Workday, "[Employee Expectations Report 2022](#)"; 2022.



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