MANAGING TALENT IN THE TIMES OF CRISIS

Dana FATOL[1]
Anca DRAGHICI[2]

Abstract: *The right talent in the right place is the main factor that supports business continuity during a crisis and contributes to the success of an organization after that. We are currently going through one of the most devasting global crisis due to the COVID-19 pandemic. Now is a good moment to assess the current talent management challenges, use the best resources to overpower them and introduce new practices that can prevent in the future a high negative impact on employees and businesses.*

In the present paper, we will have a closer look to four of the main talent management challenges of any company during a crisis and four of the best practices that can support the competitive advantage of the organizations.

Keywords: talent management, talent development, human resources challenges, human resources practices, business crisis, crisis impact, competitive advantage.

JEL Classification: M12

1. Introduction

"Never let a good crisis go to waste" said Winston Churchill in the mid-1940s as approaching the end of World War ll. We can look at a crisis as a threat, but we can also see it as an opportunity to reposition the businesses and human resources towards the future.

[1] Politehnica University, Timisoara, Romania, dana.fatol@gmail.com
[2] Politehnica University, Timisoara, Romania, anca.draghici@upt.ro

Crisis may appear in different shapes and forms. Human Resources (HR) departments have an important role in supporting the organizations to overcome the difficult times. Baysal mentioned in 1993 that "*the HR concept of developing labour is to increase the contribution of employees to the welfare of the organization*" and this is still available today. For a proper crisis management, modern approaches were introduced, as well as dedicated teams to handle the situations and support employees and organizations. There have been identified thirteen types of impact generated by crises and the traditional versus the modern practicesof managing those (Vardarlıer, P., 2016). Figure 1 shows the HR practices together with the decision-making chart. The first three types of impact presented in the table above can be considered critical to address immediately to overcome any global crisis, including the current one generated by the COVID-19 pandemic:

- Panic in the organization, when the Crisis Management team has the lead to assess the disruption and support the business continuity;
- Loss of key staff and knowledge, where Talent Management (TM) has a crucial role;
- Lack of morale and motivation causing low performance, where employees' assistance program and professional support is needed.

We will be analysing closely the challenges of TM following the impact of the crises.

Table 1. HR practices and decision-making chart (Vardarlıer, P., 2016)

Impact of crisis on people and companies	Traditional HR practices	Modern HR practices
Panic in the organization	Nothing	Crisis management team
Loss of key staff & knowledge	Taking productivity and efficiency measures	Talent management to develop loyalty
High turnover in labour	Cut down employees or hiring cheap alternative	Training, education, professional development

Impact of crisis on people and companies	Traditional HR practices	Modern HR practices
	labour	
Lack of morale and motivation causing low performance	Individual treatment - case by case, no formal policy	Employee assistance program
Increasing health benefits costs	Cancelation or trimming health benefits	Partial payment or sharing and negotiating with insurance firms
HR-related costly litigations	Case by case solutions, taking legal and financial risks	Compromising with Employees
Emerging compensation policy	Paying and taking legal and financial risks	Saving funds before crisis, budgeting
Negative reputation and image in public	Nothing	Outplacement policies, taking commercial and advertisement support
Misinformation and disinformation	Threating, mobbing, and dismissing	Utilize all internal communication channels and proper usage of social media
Leadership and faith loss	Blaming others	Gossip management
Difficulty at understanding psychological problems in responding and recovery phases	Nothing	Mentorship
Increasing work load due to cancelation of recruitment	Do nothing, twin tasking	Postponing and hiring an emergency successor
Disappointment for new positions and promotions	Keep cancelling internal recruitments and promotions	Offer an alternative work location and work hour arrangements

2. The TM challenges during a crisis

Any type of crisis forces the organizations to use the fast forward thinking and assess the current and possible challenge that can produce a disruption of business or even worse, a bankruptcy. The Covid-19 outbreak had an immediate impact to the business environment, and almost overnight the ways of working and interacting were changed. Many countries being on

lockdown, the companies were encouraging employees to work remotely and stay as much as possible at home.

TM encounterfive main challenges during a crisis period like the one we are currently going through in 2020: in-house skills & female shortage, difficulty in retaining the talents, challenges in recruiting new talents and obstacles while going through change.

In-house skills & female shortage

The leaders of the organizations together with the HR departments are put in the position of redefining some of the jobs, and having the employees take other responsibility to meet the new needs of the companies and customers. Organizational resilience and agility are always necessary in the uncertain times, being translated through matching the right talent and work to solve the existing challenges, accelerate automation and facilitate the cross-industry talent exchanges (Jesuthasan, R. et al., 2020). Matching rapidly the right competency and job may reveal in most of the cases the issue of in-house skills shortage.

COVID-19 pandemic has redefined parenting and caring, and inevitable the ways of performing the jobs. The emerging remote working ways trigger the assessment of current job schedules and face to face meetings, as well as the productivity levels in the new conditions. With most of   companies temporary being closed, parents are handling round-the-clock childcare while trying to meet the job needs, deadlines, and stay in touch with their colleagues. Women are more likely to have care responsibilities, as their careers tend to take a backseat to their male partners. The working mothers are feeling this period being more intense and tough, with the barrier between professional and personal life removed. The companies can face a female talent shortage, losing valuable workers and leaders (Ammerman, C., 2020).

Difficulty in retaining the talents

Following the global financial crisis 2007-2008, the companies become more aware of the importance to identify and retain the talented employees while downsizing. Due to the economic crises, demographic changes and globalization, there is an increased need to develop HR practices for enhancing the retention and develop the highly skilled employees, becoming one of the priorities for most of the companies once found in difficulty (Mupepi, M., 2017).

Talent is becoming the most important asset of any organization, as the changing competitive environment will make the high performance and profitabilityimpossible without the right talent in-house. The competition for talent is now global and mostly conducted in the online environment. Talent pool is accessible everywhere and anytime, becoming very difficult for the organizations with old recruitment methods to stay ahead competitors in attracting highly skilled employees.

Challenges in recruiting new talents

Looking back to the global recession ten years ago, which generated high unemployment rates, evidence showed the recruitment challengesthat organizations faced. In the Chartered Institute of Personnel and Development (CIPD) 2012 report was mentioned that 82% of organizations were facing difficulties to recruit personnel with needed skills to overcome the crisis.An aging population will create challenges for the companies to fill in their strategic roles, considering the knowledge workers will be in high demand, as the nature of jobs will shift from manufacturing, through service and towards a pool of knowledge workers in a new economy (Mupepi, M., 2017).

Obstacles while going through change

A crisisappeared suddenly can generate a strong emotional state and six stagesthat most people are going through as they adjust to new situation,

best described by the change curve, a model introduced by Swiss-American psychiatrist Kubler-Ross back in 1969. Companies change because their people adapt and change too. First, the crisis produces a change and people's reaction can be a shock or denial, by blaming others. Then they become critical of themselves and can balance between these two first phases for a while. Stage three brings uncertainty and confusion, but also a step forward on the curve, showing the willingness to move on. In the fourth stage, people stop focusing on what they had in the past and now lost, and accept the new context, beginning exploration and starting to think of what change means. By stage five of problem solving, people will start embrace the changes and can see the benefits. For companies, new job profiles, ideas and innovation can take off. The last phase is when the change is seen as normal and personal development in this direction is starting (Insights, 2020).
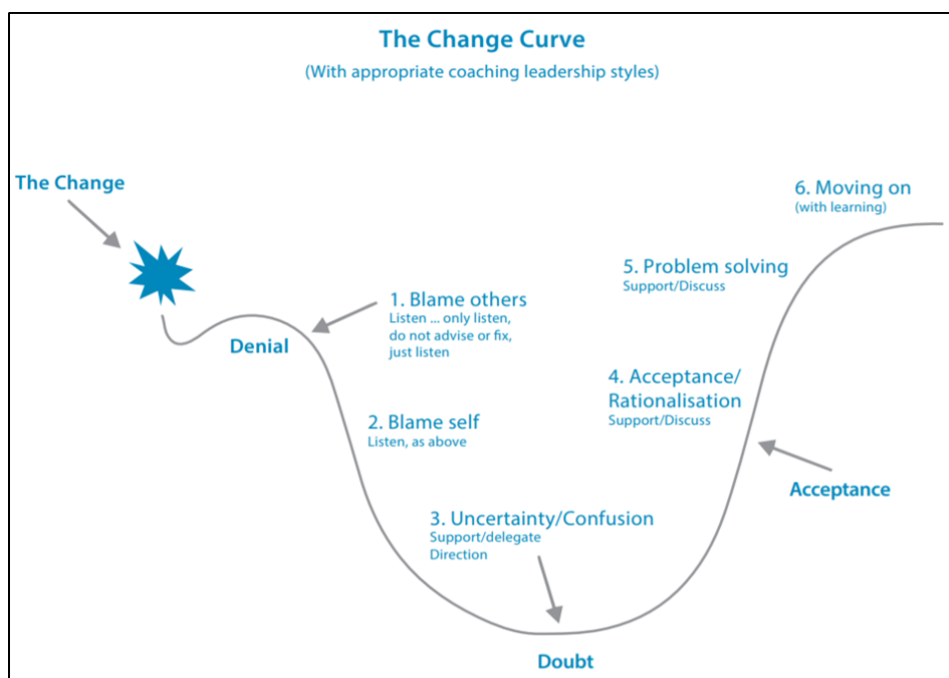

Figure 1. The change curve (Insights, 2020)

3. TM practices to overcome the challenges of crises

Organizations will try to protect their employees, so they feel safe, supported and emotionally secured. "The CEO is now the Chief Empathy Officer" and together with the leaders will think of redesigning their development programs to be focused also on empathy, resilience, caring, and safety. As highlighted by the Willis Tower Watson report released during the COVID-19 crisis in April 2020: 90% of companies believe their culture has improved, 83% believe their employee experience is better and 84% believe employee engagement increased (Bersin, J., 2020).

Adopting a learning culture

The learning culture has many benefits for any organization and its employees, although some of them are not immediately visible. It improves the people's mindset and supports change. Elaine Biechdefined in her book in 2018 that "*a learning culture is a community of employees instilled with a growth mindset operating from a shared set of organizational values, assumptions, beliefs, processes, and practices that encourage individuals, and the organization as a whole - to increase knowledge, competence, and performance. A high-impact learning culture means that measurable results have occurred, which are attributed to the talent development efforts that support the learning culture*".

The in-house skills shortages can be overpowered with a strong learning culture in place. HR professionals have a big influence in driving the way people can adapt and support the development of the employees beyond the classroom. This includes on-demand or informal learning, in real time, from others, even from conversations with colleagues, and enhanced by online learning options. HR can facilitate establishing systems channels for feedback request, encourage mentoring or reverse mentoring arrangements, help employees locating the right online training or community and

other professional growth experiences according to the needs (Biech, E., 2018).

Retaining the top talent

There are at least five main reasons why organizations should strongly consider retaining top talent: they can count on top talent in a crisis, top talent deliver results, top talent understand the business, top talent are high-performers, often doing the work of two or more full-time employees and top talent often have skills that are hard to replace(Pace, C., 2020).

The highly competitive environment makes organizations not able to perform well without the right talent on their side and therefore "*talent will become the asset that makes the difference between winning and losing*". The companies that attract and retain the right talent, then develop it and reward it properly, perform better than the others that do not apply the same principle. Talent also comes with a price; it is estimated that 70% of the costs of a normal organization are allocated to compensation and benefits (Lawler III, Edward E., 2017).

The implementation of a talent development program can best support the retention of high skilled employees when aligned to the organization's strategy and driven by the business requirements, being under continuous evaluation and update. Several best practices for evaluating the talent development program were identified (Biech, E., 2018):

- *Creating a plan and re-evaluating it on annual basis*;
- *Thinking long term* - Changes take time, but some of the benefits can be visible on short period, as employees become more knowledgeable and continue to remain employed in the company. The organization will gain reputation as an employer of choice;
- *Focusingon few measurable items*, following them through consistently, as too many directions can be overwhelming;

- *Looking for value everywhere* - Talent development's effect can't always be translated into money. The result may be, for example, either fewer customer complaints or an increase in sales;
- *Always usingemployees' evaluation as a chance to improve.*

A new area that will be explored more and more over the next years is the applied neuroscience in the development activities. The way the brain is functioning can be leveraged for better understanding of the employees' behavior and interaction. HR can consider three main action points:

- Educating leaders about the link between the brain and the importance of building positive relationships with employees. That will facilitate engagement and positive working exchanges;
- Paying attention to trust levels between managers and employees. HR can support trust development in leadership development activities. Trust can be maintained through open communication, clearly communicated goals and transparency;
- Encouraging leaders to consider their gut feelings. Leaders can be trained to recognize them and consider them in decision making. Neuroscience has confirmed that gut feelings are real, and this can help in leadership development.

Helping top management lead change has become a core HR competency. Change is first perceived as a threat by the brain, which is mainly focused to survive, causing negative emotions. The neuroscience helps by explaining the fear and resistance to change that follow a crisis. Best practice for HR is to focus on positive aspects and engage employees in that direction, by actively listening, asking questions and having meaningful dialogues based on transparency and trust. This practice increases the brains' ability to adjust and perceive the change as non-threatening, helping the creation of a comfort zone, while also improving innovation and creativity (Schaufenbuel, K., 2014).

Changing the recruitment approach

The difficulty of attracting top talent might seems increased during a crisis period. Some best practices show that, no matter of the size of the company or its needs, the use of internet and social media facilitates finding the right resources. The key differentiator are the talent attraction tools and approaches used. Analysing what worked and what not worked in the past is the first step. Then a data-driven approach can be implemented: identifying the characteristics that the top performers of the organization have and use those for the hiring criteria, as well as identifying the sources that were effective in finding the top talent in the past (Bickham, T., 2016).

A crisis can be the best moment to apply the Talent Relationship Management (TRM) practices, based on the concept of Customer Relationship Management, which is well known in sales: an organization is not searching talent for a vacancy, but a vacancy is sought for an identified talent. "*TRM assumes that, the better qualified an employee, the more passive they are about searching for new career prospects. Top candidates no longer apply of their own accord, but instead wait to be approached*". This kind of activity will be ongoing, as building strong relationships are requiring time and patience (Trost, A., 2014).

Further details and a comparison between the vacancy-focused approach and the talent-focused one are given in Figure 2.
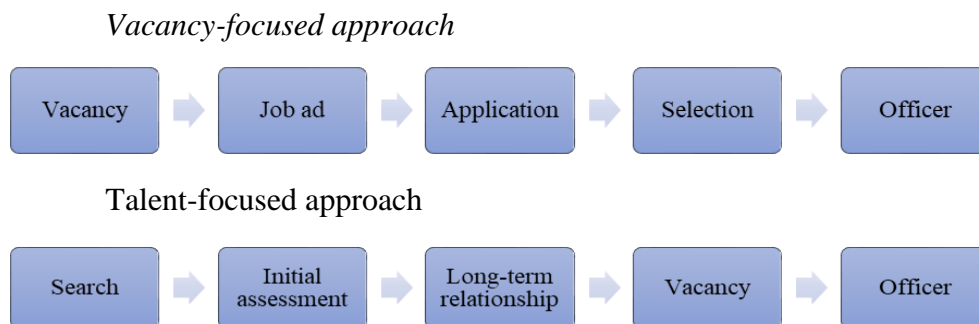
Vacancy-focused approach

Vacancy → Job ad → Application → Selection → Officer

Talent-focused approach

Search → Initial assessment → Long-term relationship → Vacancy → Officer

Figure 2. Vacancy-focused vs. talent-focused recruiting process (Trost, A., 2014)

Managing change through coaching

To avoid push backs and resistance to change, HR can support talent through coaching and ease up the transition to new practices and new ways of working, by keeping them focused on what matters for them. With reference to the Kubler-Ross change curve, we can identify fewcoaching practices on each stage:

- Stages 1 and 2 - blaming self and others, easy to identify, action needed is to simply listen, not to offer solutions, just listen. The process could take time and patience will be needed;
- Stage 3 – confusion, also easy to identify. Questions like "Do I carry on with my work? What will my job be now? How do I use this new machine?" may be raised on employees' side. They can now bedirected and given some information on how things will be moving forward. It is important in this phase to show the benefits of the change processes, people, future, and business value;
- Stage 4 – acceptance & rationalisation. Here is a good time to start brainstorming ideas, solutions, and make people aware they are supported;
- Stage 5 – problem solving. People start taking ownership for the change. They let go of the past and accept the changes. They begin testing and exploring what the changes mean and learn how they must adapt. Now the change is secured;
- Stage 6 – moving on. Here the best question to ask is 'what have you learnt about yourself and the process you have gone through?' At this stage, change is embraced, and people think of new ways of working. Benefits of change process can be seen.

The easier this processcan be made for people, the sooner the organisation will more profitable and successful (Insights, 2020).

4. Conclusions

Transformation of businesses during and after the crisis is inevitable and without highly skilled employees is unlikely to be successful. The learning culture goes hand in hand with talent development practices. A significant number of people will have better and meaningful careers, as any crisis brings also a time of personal reflection and re-evaluation, as well as re-orientation towards new skills and new ways of working.

It is estimated that the current common practice of going digital will go away or be reversed soon and people can prepare for the next challenges by focusing on the reskilling and upskilling. In order to be effective, change must be driven from the top, by business leaders. HR departments have an important role in coaching people through change, same time facilitating the development of their soft skills, rather than the hard skills that may soon become outdated. "*Technical competence is temporary, but intellectual curiosity must be permanent". One of the highest in demand future skills will be the high learnability, "people with a hungry mind*" becoming most sought-after (Frankiewicz, B., 2020).

Putting people first will help organizations keeping their best employees on their side, attracting new talent, and having a continuous competitive advantage. It is always uncertain how a post-crisis organization will function and how it will be transformed. However, organizational resilience will be supportedby talent, navigating through difficult times by having new responsibilities, adopting new practices and working across organization and even cross-industry when needed. Although not enough explored within HR practices until now, the neuroscience findings are the missing link between human interaction and effective talent development practices. Over the next years, we can expect to learn even more about how the brain functions and how leaders and HR departments can use this knowledge when creating talent related programs.

This preliminary study offers a general view on TM practices currently used during crises, creating the prerequisites for future research on two main topics: leveraging neuroscience for talent development and managing talent through coaching.

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