Talent management: An empirical study of selected South African hotel groups

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A B S T R A C T

This article sheds light on the use of talent-management practices in some of the major hotel groups in South Africa. Growing numbers of organisations globally as well as in South Africa are embracing the concept of talent management, as it has a major impact on the company's competitive advantage. Results reported in the 2008 *Travel & Tourism Competitive Report* issued by the World Economic Forum (WEF 2008) indicate that as far as the Human Resources dimension of companies in this industry in South Africa is concerned, they fare fairly poorly. As this industry is people intensive, a closer investigation of this aspect was necessary. The research was undertaken in a subcomponent of the tourist accommodation industry, namely hotels. A cluster of 14 hotel groups, representing 33 995 hotel rooms (approximately 77% of all the hotel rooms in South Africa) participated in the survey. Despite the negative finding of the WEF, the results indicate that the hotel groups to a large extent apply the principles underlying talent management within their companies. However, some problem areas do exist, and recommendations are made in this regard.

Key words: talent management, talent retention, talent development, talent deployment, human capital management, talent pools, talent value, competencies, skills, distinctive capabilities, competitive advantage, talent supply, talent demand, competency inventory

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Introduction

The greatest challenge facing countries in the world today is the creation of wealth for their citizens. One strategy to achieve this is to provide jobs for as many people as possible. However, this can only be achieved if the country experiences consistent economic growth. According to the World Economic Forum (WEF) (WEF 2008: xi), travel and tourism has become a major player among the key industries in generating wealth over the last 60 years. This industry now accounts for approximately 10.4% of the global gross domestic product (GDP), 12.2% of world exports and 9.5% of world investment (Blanke & Chiesa 2008b: 3). It is also one of the fastest-growing industries in terms of foreign exchange earnings and job creation, as healthy travel and tourism sectors provide important opportunities for countries to raise living standards and – particularly in the developing world – to tackle poverty alleviation (Blanke & Chiesa 2008a: xiii). From the foregoing, it is clear that the world travel and tourism industry is profitable and expanding. Moreover, in South Africa the industry has a major impact on the economy, with approximately 8.5 million international tourists visiting the country in 2006 (Visser 2007: 43–44). Thus, there is no doubt that this segment of the economy needs to be constantly improved and expanded.

Problem statement

According to the 2008 *Travel & Tourism Competitiveness Report* compiled by the World Economic Forum (2008: xvi), of the 130 countries participating in the project, South Africa was ranked at number 60. The country was evaluated on 14 different pillars. This is cause for concern, as this industry can have a major impact on the economic growth of the country. It is even more disturbing that in the area of Human Resources (HR), the country was ranked 118th out of 130. Please note that certain HR components, such as the training of staff, did receive a very positive rating, while others such as hiring and firing practices were rated very low. However, the people component needs to be managed as an integrated whole to enable a company to obtain and maintain its competitive advantage, and all practices need to be synchronised.

Talent management

As a service industry, tourism is highly people intensive, and in this context, the management of employees working in the industry is a critical function. The continued success of any organisation in this industry is dependent on the

employees' contribution and commitment (Baum & Kokkranikal 2005: 86). Success can no longer be measured alone by the amount of money a company has. The talent it possesses in the form of its employees' skills and competencies, leading to organisational capability, has become the key to success in today's highly competitive business environment (Lockwood 2006: 2; Lawler III: 2008: VII). So why is talent so important? According to Cheese (2008: 39–40), the following reasons can be identified:

- Talent generates high performance, which in turn attracts new talent and creates the means to reward it.
- Talent drives improvements in productivity, quality, innovation and customer satisfaction, which in turn feed into the bottomline results.

Without talent, the industry is thus doomed. While the industry offers well-qualified individuals such as graduates exciting and rewarding career opportunities, it also needs a vast number of operational staff. Low entry barriers and high turnover pose particular HR challenges to management in this area (Haven-Tang & Jones 2006: 91). Against the background of the poor human resource results obtained, the question can be asked: "How can this important and vital asset be nurtured?" The answer can be found in the relatively new concept of talent management (Armstrong 2006: 289; Becker 2007: 42–61; Corsello 2006: 12; Goffee & Jones 2007: 72–79; Ingham 2006: 20–23; Joerres & Turcq 2007: 8–13; Landes 2006: 27–29; Meisinger 2006: 10; Oakes 2006: 21–24; Reindl 2007: 38–41; Silverman 2006: 11–15). According to Schweyer (2004: 22), talent management can be defined as follows:

> … the sourcing (finding talent); screening (sorting of qualified and unqualified applicants); selection (assessment/testing, interviewing, reference/background checking etc. of applicants); onboarding (offer generation/acceptance); retention (measures to keep the talent that contributes to the success of the organisation); development (training, growth, assignments, etc.); deployment (optimal assignment of staff to projects, lateral opportunities, promotions etc.) and renewal of the workforce, with analyses and planning as the adhesive, overarching ingredient.

Thus, for talent-management initiatives to be effective, organisations need formal processes, with many stakeholders involved and strong links between leadership and talent to translate into specific organisational value-based behaviour (see Figure 1).

In order to successfully tie together all these activities indicated in Figure 1, the leaders in human capital management should actively pursue a number of activities, which will be explained later in this article. Before this is done, it is important to mention that talent management will only be effective if the following conditions exist:
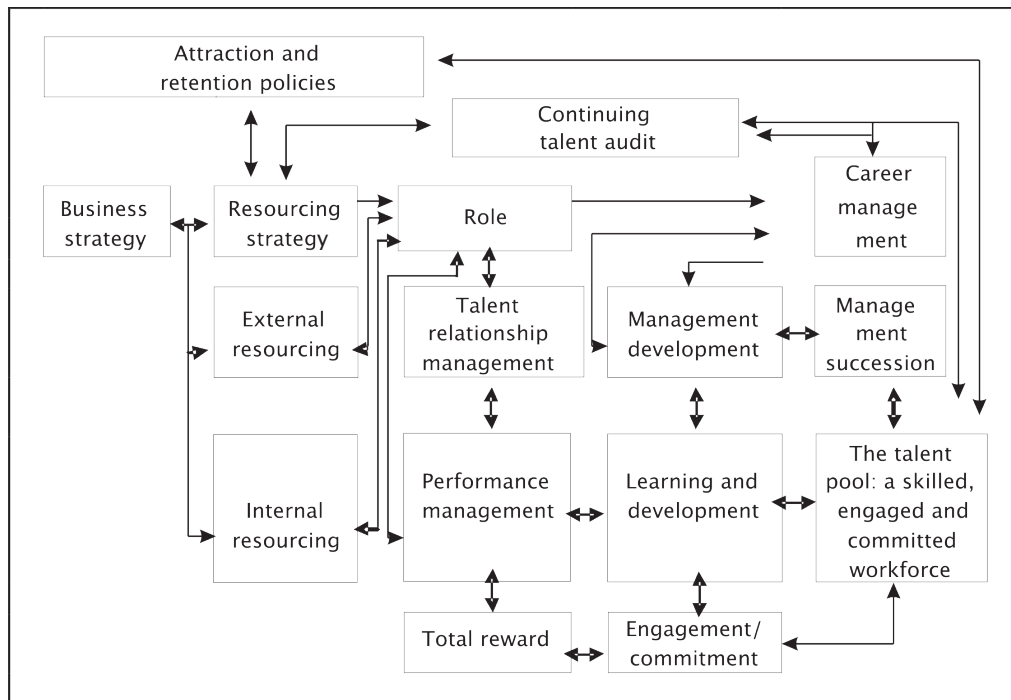
Source: Armstrong (2006)

Figure 1: The elements of talent management

- Talent must be viewed by senior management as a strategic asset, and its importance for the company must be regularly communicated to everyone in the organisation.
- Sufficient resources (funds) should be made available to support all the talent-management efforts.
- An effective talent-management plan and programme must be aligned with the company's vision, culture and overall strategy.
- People and positions must be tracked through a technology-based talent-management system.
- A healthy working relationship between the human resource management department and line managers must exist.
- It is not the talented individual that is important, but the processes that create, manage and organise talent. These include having the right structures, systems, processes and practices fitting together in a coherent whole. For example, organisations may have talented personnel but may not manage to support them correctly.

• The key elements of a complete talent-management system will include an employer brand, a recruitment and selection process, a training and development process, a performance management system that is tied effectively to a reward system and an information system that includes data on satisfaction, motivation, talent development, talent utilisation and performance. There should also be a process to assess an organisation's competencies and capabilities (Thorne & Pellant 2007: 3–4).

Where then does the process of talent management start? The first step is the business strategy (see Figure 1). In determining a business strategy, it is important to take cognisance of the existing talent within the company. The capabilities of similar companies in the same industry also need to be identified in order for the company to develop distinctive capabilities with a view to gaining the competitive advantage. In the hotel industry, this could be customer service. The strategy will indicate where the company will be heading, usually within the next five years. With the strategy in place, the HR department, in conjunction with line managers (normally within each discipline, namely, Marketing, Finance, Production, and Research and Development), will identify the competencies needed to achieve the company's goals (talent demand). The written description of all the competencies needed within the organisation is known as a competency model (Kochanski & Ruse 1996: 23–24). Competencies are not static, however, and companies need to continually develop new capabilities and competencies as the environment within which they operate changes. Such capabilities have been referred to as 'dynamic capabilities' (Wright, Dunford & Snell 2001: 712). Thus, organisations may require new skills sets, necessitating the release of some existing employees and the acquisition of new employees. Having identified the competencies required at the different levels within the company, an audit can be done of the existing competencies within the company. In a talent-management process, this will go beyond the old style of skills inventory (educational qualifications, training, and work duties and responsibilities) to become a competency inventory that catalogues and enables easy access to what people can do and the results they can achieve, for example, their skills and personal, functional, technical and other competencies (DuBois, Rothwell, Stern & Kemp 2004: 64–67). Issues that will also be considered at this stage will include the effective deployment and redeployment of employees as well as external workforce demographics. The result obtained here will be known as the talent supply. Comparing the results of the two processes will probably indicate a talent gap. This will lead to the next step, namely the recruitment and selection of talented new staff. In the talent-management process, extensive information needs

to be available to execute the recruitment and selection process properly (DuBois et al. 2004: 102–103). For example, in the case of filling an existing post, the company must already have conducted an assessment of existing staff competencies and placed the information in a competency inventory, which can then be used in the layout of the advertisement. In the case of the selection process, key competencies that are the biggest predictors of job success need to be identified and validated by the managers seeking the applicants. It is important to note that instead of having only one interview with the candidate, multiple interviews will be done. This will ensure that the candidate actually possesses the competencies required. Although time consuming and costly, it will be worth the effort if top performers are ultimately selected. Once a candidate has been appointed, a training plan can be written and executed. This will help employees to perform their current jobs more effectively, prepare them for the next job on the career ladder, and prepare them for a job in a different discipline (Paul 2005: 3). It is important to note that besides the need for more training related to providing knowledge, building skills or improving attitudes, the competency-based approach must also include issues such as changing the motivation levels of employees and cultivating and developing personality traits to produce exemplary performers (DuBois et al. 2004: 130–137). In this process, a mentoring programme can play an important role. Measuring the employees' performance is the next step. This will help to identify the strengths and weaknesses within the organisation. To assist in this regard, it is important that competency profiles containing clear descriptors are developed to enable employees to see what is expected of them. In evaluating the softer skills, such as interpersonal skills, use can be made of assessment/development centres as well as field assessments – 360° appraisals (DeNisi & Griffin 2008). Using these techniques as a basis for performance appraisal will help identify the development needs of individuals and map out routes to career advancement and progression. This information could also be used in the redeployment of employees, enabling the company to have a constant supply of talent. This is vital, as the organisation must know where it has leverage – which workforces and areas of business have the greatest strategic impact and are critical in maintaining the distinctive capabilities of the company. Depending on the outcome of the performance management process, a reward can be given to the employee. By linking compensation directly to individual contributions that make a difference to the company, an organisation can maintain the highest calibre of workers. According to research undertaken in this area by Horton (2002: 510), the following are the main reasons why employers use competency-based rewards:

- To motivate people and to encourage better performance
- To increase flexibility among the workforce

- To change employee behaviour
- To give employees access to job progression and to allow some form of job progression where no other form of promotion opportunities exists.

Thus, the talent-management process helps to leverage the strengths of individuals and to unleash their potential in ways that are less likely to occur in the traditional work-based system.

Applying these practices skilfully can lead to a number of benefits for organisations, as identified by Joerres and Turcq (2007: 12), namely:

- Enable human capital management to be aligned into a single system closely tied to business strategies
- Break down silos and force strategic consistency between different HR functional areas, such as recruitment, training and compensation
- Allow more appropriate investments in people, based on talent value
- Increase the scalability and flexibility of business activities through more effective talent sourcing
- Facilitate better-informed decisions about changes in people strategies based on greater understanding of potential benefits and risks.

In view of the numerous advantages to be gained when applying talent-management practices, it was decided to establish the extent to which these practices are being utilised within the travel and tourism industry in South Africa. The focus of the study will be on the accommodation subsector of the industry. As no previously conducted research on the issue could be found in the literature, this study is seen as exploratory. The aim of this paper is to present the findings of the investigation.

The accommodation sector in South Africa

All over the world, traditional tourist accommodation has undergone major changes over the decades. In South Africa too, changes have taken place with the establishment of a large number of lodges and guest houses. These developments are not surprising, as tourist numbers have grown substantially each year (George 2007: 8–10). Today, tourist accommodation is by far the largest subsector of the tourism industry (Sharpley 2005: 15). According to the website, Exploringsa.co.za (accessed on 18 November 2008), the different types of accommodation that can be found in South Africa are indicated below. The rooms or sites that were available in South Africa in each of these categories in 2005 are indicated in brackets (Caras 2007: 114):

- Hotels (44 000)
- Caravan parks and camping sites (11 000)
- Guest houses and guest farms (11 000)
- Other accommodation (33 000).

Thus, a large variety of accommodation is available to the tourist in South Africa. As far as hotel accommodation is concerned, the Tourism Grading Council of South Africa (TGCSA) indicates that more than three-quarters of the accommodation in this component has been graded (TGCSA 2008). The star-grading criteria of the TGCSA relate to the functional and physical characteristics of the establishment seeking grading, and to the range and level of services that the establishment provides for its guests (Caras 2007: 118). The grading varies between one star (the lowest and cheapest) to five stars (the highest and most expensive).

Research methodology

Sample selection

As mentioned earlier, the focus of this study was to establish the extent to which talent-management practices were being utilised within the travel and tourism industry in South Africa. Due to time and money constraints, it was decided to focus the study on the largest component within this industry, namely tourist accommodation. In South Africa, this subsector can be divided into the following four components: (1) hotels, (2) caravan parks and camping sites, (3) guest houses and guest farms, and (4) other accommodation. As the focus of talent management is on people, it was decided to choose the component with the highest people concentration for the study, namely the hotel group. During the research project, however, it became clear that no single database with the names of all hotels in South Africa could be found. This meant that the exact number of hotels in South Africa could not be established. Faced with this dilemma, the researchers decided to make use of a judgement sampling technique (Struwig & Stead 2001: 111). In this case, specialists in the subject of the survey choose what they believe to be the best sample for the study. Respondent selection thus depends on the researcher's judgement that these people are experts on the subject and consequently will provide the appropriate required information. There are some drawbacks to using this approach, however; the sample may be biased and thus unrepresentative, and generalising the data beyond the sample may not be possible (Struwig & Stead 2001: 115). In view of these restrictions, the researchers decided to compile a list of all the major hotel

groups found in South Africa. These are groups that are fairly familiar to the general public. In many cases, these hotel groups have a presence in all the provinces of the country. A list of 15 such hotel groups was compiled. After finalising the list, the HR Director at corporate level of each hotel group was contacted by telephone to establish whether they would be prepared to participate in the survey. One hotel group declined due to heavy workload. The final sample thus comprised 14 hotel groups. The researchers believed that this group was representative of the hotel groups in the country.

Survey design

After an extensive literature review of the subject area, questions were generated and a questionnaire drawn up. In this process, use was also made of the 2006 Talent Management Survey undertaken by the Society for Human Resource Management (SHRM) in the USA (SHRM 2006). The questionnaire consisted of ten sections:

- Section 1: HRM activity in the company
- Section 2: Staffing
- Section 3: Training and development
- Section 4: Retaining employees, with the following subsections:
  4.1 Compensation, 4.2 Performance appraisal, 4.3 Labour relations,
  4.4 Employee health and 4.5 Innovation and creativity
- Section 5: Motivation to commitment
- Section 6: Communication
- Section 7: Culture
- Section 8: Involvement in leadership
- Section 9: Policy and procedures
- Section 10: Management involvement.

For the majority of the questions, use was made of a four-point Likert scale. The scale ranged from strongly disagree (1), disagree, (2), agree (3) to strongly agree (4).

Pre-testing of the questionnaire

In this study, no formal pre-test was conducted, but inputs were obtained from staff in the Human Resource Department of the School of Management Sciences at the University of South Africa. It was decided to follow this approach, because the staff in this department are specialists in the different areas covered in the questionnaire.

Statistical analysis

The primary method used to analyse the data collected was frequency analysis. This study does not attempt to prove correlation or causality between the variables, and frequency analysis was therefore considered adequate for the purposes of this study. The statistical analysis was carried out using the SPSS programme (SPSS 2003).

Response rate

The questionnaires were sent to the respondents (14 in total) by e-mail. A total of 10 useable questionnaires were returned, representing a response rate of 71.4%. It is interesting to note from Table 1 that the respondents represent a total of 33 995 hotel rooms out of a possible 44 000 hotel rooms available in South Africa (Caras 2007: 114). The sample thus represented 77.2% of all hotel rooms in the country and can be regarded as representative of the hotel groups in South Africa.

Table 1: Room profile of respondents

Hotel group	N	Number of rooms available
A	1	10 522
B	1	7 595
C	1	4 773
D	1	4 459
E	1	3 500
F	1	2 200
G	1	620
H	1	623
I	1	38
J	1	25
	Total	33 995

Results and findings: Talent development

Section 1: HRM activity in the company

Nineteen items appeared in this construct. The items mainly focused on the HR department at corporate level in the hotel group and its activities, but also looked at some demographics pertaining to the workforce of the company. There is no doubt that for the talent-management process to work effectively, it is essential to have a properly structured HR department at this level with suitably qualified staff. The results show that all the respondents have an HR department at this level with a staff complement ranging from 2 to 171. This is understandable, especially when one looks at the size of the hotel groups participating in this study (see Table 1) as well as the number of staff employed by the groups, which ranged between 25 and 6 000. The results also show that in the case of the majority of the hotel groups (7 companies), the person responsible for HR was recruited either from within the HR department, or was an HR specialist from outside the organisation. This is important, as an in-depth knowledge of HR activities is vital when developing talent within a company – especially the use of best practices in this field. As far as the different HR activities are concerned, it appears that activities not outsourced to external providers include payroll, selection, HR information systems and processing of routine questions, whereas the majority of the companies (8) have outsourced pensions to a great extent/completely. Regarding benefits, only a minority of companies (4) have to a great extent/completely outsourced this aspect. Concerning training, the majority of companies (9) have to a small/some extent outsourced this activity, while the majority of companies (6) have not outsourced workforce outplacement/reduction at all. In the case of recruitment, the majority of the companies (6) have to a small/some extent outsourced this activity. Thus, important activities that can play a role in the talent-management process are being managed by the companies themselves. An issue closely related to these HR activities is the development of policies governing these practices. The results show that in the majority of companies (5–7) the HR department, in consultation with line management, formulates the policies in the following areas: (1) pay and benefits, (2) recruitment and selection, (3) training and development, (4) industrial relations and (5) workforce expansion/reduction. These policies all have an impact on the flow of talent within the company, and a partnership between HR and line management is necessary for the talent process to succeed. Having easy access to the talent inventory in a company is important. To realise this, the company should have a computerised human resource information system (HRIS) in place. The

results show that the majority of companies (8) have some form of computerised system, ranging from a separate stand-alone system to an interfaced/integrated system. This is a positive finding. The areas in which this system is used include payroll, benefits, recruitment/selection, training and development, and policies and practices. The areas where it is not used by the majority of companies at present include performance management, career planning/succession planning, work scheduling, health and safety and the measurement of HR performance. This is somewhat worrying, as these are important components in the development of talent. Unfortunately, the systems used at present by approximately 62% of the companies do not allow managers to complete HR processes online, nor do they allow employees to access personal information and perform simple HR tasks such as maintaining personal data, which can also be constraining. In order to play an active role within the organisation, it is also important for the HR department to understand how the company operates. For this to be possible, the department must have a place on the board or equivalent top executive team. The results indicate that the majority of companies (8) do have such a place at the highest level for their HR departments, which again is a positive finding. Closely related is the issue of company strategies. For HR to make a meaningful contribution, it must be guided, among others, by a mission statement and a business strategy. The findings indicate that the majority of companies (7–10) have the following in place: a mission statement, business/service strategy, personnel/HRM strategy, corporate value statement, diversity statement, code of ethics, corporate social responsibility statement, and lastly a communication policy. These are all important building blocks in the creation and development of talent within a company. It was also found that in the case of the majority of the companies (8), the HR director was involved from the outset in the development of a business/service strategy. Measuring the performance of the HR function is essential in the talent environment. At present, most of the companies (8) only undertake this task to a small/some extent. If the contribution of the HR function to the organisation is to be meaningful, this issue will have to be addressed. The majority of the respondents indicate that where evaluation does take place, the following stakeholders' views are considered: top management, line management, employees and HR. This is a positive finding, as consultation between multiple groups of stakeholders is important. Having all the components of the talent process in place is essential, but if the process is not considered as a high priority by the company, it will be meaningless. The findings indicate that in a majority of the companies (8), talent-management initiatives are seen as a top priority and some such initiatives are in place. Unfortunately, only a minority of the companies (4) have an employee that is exclusively responsible for overseeing these

initiatives. None of the HR activities can be driven successfully within the talent process without an adequate budget. The findings indicate that in the majority of companies (6–9), the hotel groups have formal budgets for recruiting individuals, as well as for the further development of staff; unfortunately this is not the case in respect of the retention of employees. This is a serious weakness, as the retention of talent is vital for future competitiveness. At present, employee turnover at the hotel groups varies between 2% and 36%, and this is cause for great concern. Absenteeism among staff is also relatively high (between 2.3 and 10 days per employee per year), while the age profile of the staff seems acceptable, with 45–70% of the staff being in the age category of over 25 and under 45 years of age.

However, the educational levels among staff are somewhat low, with between 4.4% and 47% being in possession of a university degree. It is interesting to note that when respondents were asked what they consider to be the three major challenges for HRM over the next three years, they mentioned the following: talent attraction, talent retention and talent development. This shows the importance of talent management.

Section 2: Staffing

Thirteen items relating to staffing issues were included here. Activities normally associated with the staffing process include recruitment, selection, placement and human resource planning (determining the supply and demand for talent). For the talent-management process to work effectively, it is essential that companies make some kind of commitment regarding how they value the talent they have. This undertaking is normally included in the mission statement of the company. The results indicate that 60% of the companies have indeed included a component relating to their human resources in their mission statement. This is a positive finding. Developing a pool of talent demands a number of actions, the first being to determine the future talent needs of the company. Issues to consider here will include the expansion/reduction plans of the company as indicated in the business strategy. All hotel groups indicate that they pursue this activity strongly. On the talent supply side, some activities must also be undertaken, which include looking at labour turnover – thus losing talent. It appears that only 30% of the companies actually do this, which is disturbing, as the loss of talent needs to be monitored very carefully, especially in view of the high turnover rate, as already discussed. Determining the demographics of the national workforce is also important for recruitment purposes. In this instance, 50% of the companies indicate that they do this, while 50% indicate that they do not, which represents a void in their planning

effort. Having determined the supply of and demand for talent, the company will have to look at its budget allocated for staffing. It is interesting to note that 70% of the companies do this, which is a positive finding. Comparing the two processes will indicate in many cases a talent gap – normally a shortage of talent. Having identified a possible gap, a number of recruitment strategies must be developed to build the talent pool that will realise the future company goals. The majority of companies (60%) indicate that they do this, while 40% indicate that they do not. If this is not done, the recruitment efforts of the company will not be effective or efficient. The available options are to recruit staff from their competitors, and also to have a strategy to prevent competitors from trying to recruit the company's employees. It appears from the findings that neither of these options is pursued by the companies. This could impact negatively on the talent pool. As far as the selection process is concerned, companies must be able to determine the developmental potential of employees at the time of appointment. If this is not done, the company will not be recruiting talented staff. The results show that 90% of the companies do this, which is very positive. Linked closely to this is the assessment of the potential candidate's skills/competencies, and more than 90% of the respondents indicate that they undertake this activity. This will impact very positively on the talent-management process.

Becoming the preferred employer among potential employees is important for the talent process to succeed. Determining why employees join a company can thus contribute greatly to enhancing recruitment efforts. Only 30% of the respondents are doing this at the moment, which is disappointing. Placing the right people in the right jobs is important for talent management, as people need to grow and develop. The majority of the companies (90%) indicate that they do this, which is positive. Having completed this process, it is important that the whole system is monitored on a regular basis to establish whether the talent it possesses is truly contributing to goal achievement. The majority of the companies (60%) indicate that they actually do this, while 40% do not at present. To summarise, it would appear that the staffing component receives positive attention, which will ultimately influence the supply of talent to the company. This finding somewhat contradicts that of the WEF that was mentioned earlier. Only a few issues remain problematic – namely monitoring labour turnover, establishing why employees join the company, developing strategies to recruit employees from competitors and developing a strategy to prevent competitors from recruiting the company's employees – and these need to be looked at again. This finding is not surprising, as there is a good working relationship between the HR departments and line management regarding the policies/procedures pertaining to recruitment and selection (as already discussed).

The use of a computerised system in this regard appears to be very limited at present and will have to be more fully developed if it is to add value to the process.

Section 3: Training and development

Ten items related to training and development aspects were included here. Two main focus areas can be identified, namely training and development. The aim of these areas is to build a deep reservoir of successors and talented employees.

It is important to note that the environment within which companies find themselves is in a continuous state of flux. The implication of this is that the skills/competencies of employees need to be updated regularly to meet the new challenges facing the companies. To achieve this, training and development programmes must be aligned with the future goals of the company. This will help achieve the right focus for the training and development efforts. The findings indicate that 90% of the companies actually do link their training and development goals with future company goals. This is a positive finding. Having done this, their next step is to audit the existing skills of all employees on a continuing basis. This will identify any gaps that might exist between what the company at present has, and what it will need in the future. The results show that all the respondents do have such a process in place at present, which is important. The shortcomings identified need to be properly addressed as soon as possible. This will create a pool of talented employees. This process is in place in the majority of companies that participated in the survey. Employees, especially 'A performers', need to grow continually, and the company needs to develop diverse career paths linked to its long-term goals to accommodate these employees. It appears from the findings that this process only exists within a minority group of companies at present. This is worrying, as employees who feel trapped will soon leave the company, which will negatively impact on the talent pool. It is important that once these career paths have been created, the employees are given the chance to expand their skills and thus improve their ability. The results indicate that these opportunities are provided by the majority of companies. This finding is somewhat contradictory when considering the previous finding, which indicated the lack of such career paths. It would thus appear that, with a few exceptions, the companies improve employees' skills without providing any upward mobility. This situation can, however, impact negatively on the company's talent pool. The importance of teams working together within companies can also not be ignored. This is especially true in the hotel industry, where an all-inclusive service is provided to the customer. It appears that the respondents are again equally divided on this matter, which can be seen as a weakness. Developing

future leaders within the company is essential, especially for succession planning purposes. However, a special effort needs to be made to do this through what is known as assessment centres. It is interesting to note that the respondents are again divided equally on this aspect. The impact of the size of the hotel group on this decision is not clear at this stage. Conducting training and development activities is bound to have some impact on the functioning of the organisation. It is thus important that the effectiveness of training and development programmes should be monitored regularly. One way in which this can be done is to determine the impact of these programmes on the productivity levels within the company. The results show that only a minority of companies have teams studying their productivity levels. This is therefore a negative finding. The findings indicate, however, that the majority of the companies do make an effort to monitor the effectiveness of their training and development programmes. To summarise, it appears that the training and development efforts within the hotel groups are working well from a talent perspective. This is in line with the findings of the WEF. The only negative aspect relates to the monitoring of productivity levels, while the sample is equally divided in relation to the use of assessment centres to identify management development needs, the institution of formal team-building efforts and the linking of career paths to long-term company goals; there is thus some room for improvement in these areas. This finding is not surprising, as there is a good working relationship between the HR department and line management regarding the policies and procedures pertaining to training and development (as already discussed). Many hotel groups have in-house training academies, which shows that they place a high priority on this activity. They also have a formal budget for training and development. However, as already indicated, the better and more effective use of the computerised human resource information system in this area needs to be addressed urgently. This will enable companies to track their employees' careers and indicate in summary form the available competencies within the company.

Section 4: Retaining employees

One of the biggest challenges facing companies today is the retention of talented employees. However, to do this successfully, a budget for this purpose needs to be in place. As already indicated, the hotel groups do not have a formal budget available for this purpose at present, which can be seen as a weakness. A number of activities could enhance this issue, however, and a discussion pertaining to this aspect will follow in this section.

This section consists of the following subsections: 4.1 Compensation, 4.2 Performance appraisal, 4.3 Labour relations, 4.4 Employee health and 4.5 Innovation and creativity. Each section will be discussed separately. It should be noted that it was decided to discuss section 4.5, which addresses the issues of innovation and creativity, in the last part of this article under the heading of 'Talent engagement'.

Subsection 4.1: Compensation

Ten items relating to compensation issues were included here. Compensation plays an important role in any organisation. The issues of fairness and distributive justice are particularly paramount. To address these issues, companies need to have in place a compensation structure that is designed to meet future company goals. The results indicate that 60% of the companies do have such a structure, while 40% indicate that they do not. This is considered to be problematic, as the compensation process is an integral part of achieving company goals, and therefore cannot be done piecemeal or on an ad hoc basis. Evaluating jobs for salary purposes is an important process and, with new demands constantly being made on organisations, changes need to be effected to ensure that the job content remains relevant. This means that job analysis information should be regularly reviewed. The results show that 60% of the companies do this, while 40% of the companies indicate that they do not. This is problematic, as staff members may be performing tasks/duties that are no longer relevant. Changing job content would inevitably also impact on how the individual's job is designed, and what new competencies are required to perform the job. This is an important issue in building a talent pool. As with the previous finding, 60% of the companies do this, while 40% indicate that they do not. This is a serious weakness that can impact on the talent-management process.

Pricing the job after the redesign process must result in a fair process, taking into consideration the job requirements, experience and quality of work. The system must thus be seen as fair. In the case of 70% of the companies, this process is seen as fair, while 30% do not agree. The next step is implementing the compensation structure in the job environment. This means that employees should be rewarded according to their job performance. An interesting result in this regard was that 50% of the companies agree that employees are rewarded according to their job performance, while 50% do not agree with this. This finding can probably be attributed to the fact, for example, that employees who work overtime are not always compensated for their additional effort. This is not uncommon in the hotel industry, as many additional hours are sometimes worked without extra remuneration. Closely related to this aspect is the way in which the salaries that employees receive

relate to the industry norm. The majority of the companies (60%) indicate that they agree that their salaries are as good as any in the industry, while the minority do not agree with this. The salaries thus appear to be acceptable. Apart from direct remuneration, employees are also given fringe benefits. To provide some flexibility in this regard, companies normally offer a list of benefits from which employees can make a choice according to their needs. The majority of the companies (60%) indicate that they follow this procedure, while 40% indicate they do not. Employees' needs differ, and they should therefore have the opportunity to choose the benefits they need. Such an approach will help to retain the talent pool of the company. The question can be asked whether employees are satisfied with their benefits packages. Again, the results show a 50% agreement, and a 50% disagreement. This is not uncommon, as the literature shows that no completely acceptable system exists. Part of the benefits package involves providing employees with a pension. The results indicate that 80% of the companies provide a pension plan for their employees. For a system to function properly, good communication with all employees is essential. The results indicate that the majority of the companies (80%) are satisfied with the way in which compensation/benefit programmes are communicated to all staff. To summarise, it would appear that the compensation component is positive and thus conducive to talent building. Two issues appear to be problematic, however, namely rewarding employees according to their job performance as well as the benefits package offered to employees, and these issues should be addressed. Moreover, the use of a computerised system in this instance seems to be limited at this stage, and will have to be investigated further.

Subsection 4.2: Performance appraisal

Four items relating to performance appraisal issues were included here. For the individual as well as the employer, it is important to establish the extent to which an individual's talent is being utilised to the benefit of both parties. This can be achieved through a process known as performance appraisal (PA). Employee performance measures common to most jobs includes: quantity of output, quality of output, timeliness of output, presence at work and cooperativeness. Effective appraisals, apart from being used to make decisions about pay, promotion and retention, can also significantly contribute to the satisfaction and motivation of employees, which again influences talent utilisation. For these systems to be effective, they need to be regularly reviewed to establish whether they still reflect future company needs. If this does not happen, employees will be evaluated on aspects no longer relevant to the company's needs. The findings indicate that 50% of the respondents do not

do this at present, while 50% indicate that they do. This is a serious weakness. Employees' shortcomings need to be identified and rectified as soon as possible. The frequency with which performance appraisals are conducted is therefore important. The findings indicate that in only a minority of cases (30%) are the appraisals undertaken twice a year. This is problematic, as the organisation's performance can be affected negatively should problems exist. The results of a performance appraisal can also influence decisions about training and development, which is important for the talent-management process. According to the findings, 80% of the companies use it for this purpose, while 20% indicate that they do not. This is a positive finding. Unfortunately, the performance appraisals are not used to any great extent to track potential leaders' performance. This is problematic. Only 40% of the companies do this, while 60% do not. Developing leaders for the organisation is important, especially with a view of succession planning. To summarise, it would appear that the use of performance appraisals within the hotel groups is problematic in areas such as the frequency of appraisals, the development of systems reflecting future company needs and the tracking of potential leaders' performance, and needs to be addressed as soon as possible. Problems in this area have a serious impact on competency development. The shortcomings identified here can be related to a number of issues, including ineffective job placement, insufficient job training, ineffectual employment practices, lack of attention to employee needs or concerns, inadequate communication within the organisation and unclear reporting relationships. Moreover, the failure to use a computerised system in this area is of great concern, as information pertaining to employees is not readily available; this also needs to receive attention.

Subsection 4.3: Labour relations

Seven items relating to labour relations issues were included here. Without sound labour relations – or better still, work relations – companies will not achieve the goal of becoming more competitive. As the hotel industry is labour intensive, this issue should receive high priority. To manage this process successfully, it is important that some future forecasting is done. The majority of the respondents (80%) indicate that they do undertake some forecasting activities, which is a positive finding. As numerous labour laws govern the relationship between the employer and employee, it would be sensible to inform employees of these issues. The findings indicate that 90% of the companies do this, which is again very positive. Where unions are active within companies, it is also important that a written strategy should be in place pertaining to negotiations with these unions. The majority of companies (70%)

indicate that they have such a strategy, which is sensible, as many important issues need to be discussed with unions from time to time. Not all work environments function without incidents; there should thus be a grievance and disciplinary procedure in place to regulate any problems. The findings indicate that in the majority of cases (90%), both a written strategy relating to negotiations with unions as well as a grievance and disciplinary procedure can be found within the hotel groups. It is important that disciplinary action should only be taken when justified, and it appears that this is the case in the majority of the companies (90%). Changing the composition of the workforce since the new democratic dispensation came into being in South Africa in 1994 is still a high priority. One aspect related to this is employment equity. The government has provided some guidelines for companies to follow. The results show that in the majority of cases (80%), the human resource department strives to meet the goals in this area, which is positive. To summarise, the labour relations component is very positive. This is not surprising, as a close relationship exists between the HR department and line management regarding the formulation of policies pertaining to this component. This will inevitably result in a better relationship between the parties and have a positive effect on the talent-management process.

Subsection 4.4: Employee health

Four items relating to employee health issues were included here. Having talent but not being able to utilise it to the full can be frustrating. Companies have taken note of the potential impact of health-related problems in the work environment, and have implemented numerous employee assistance/wellness programmes to address these issues. From the findings, it is clear that in the case of the majority of companies (90%) the human resource department acts as an information source regarding general health programmes for its employees. It also runs a health-maintenance programme for the staff (56%). This is a positive finding. There is no doubt that the hotel industry can be a stressful environment in which to work, and this issue also needs to be looked at. From the findings, it is clear that 55% of the companies do not make provision for stress forecasting in the workplace, while 45% do. Job stress is considered to be a rising concern in many organisations in South Africa, affecting employees in many different ways. For example, it can lead to low productivity, increased absenteeism and turnover, and an assortment of other employee problems including alcoholism, drug abuse, hypertension and a host of cardiovascular problems. All these aspects can impact directly on the talent pool of a company. Another issue that can also directly affect service delivery is absenteeism.

It is interesting to note that in the case of the majority of the companies (67%), task forces are established to investigate employee absenteeism; this is a positive finding in view of the high absenteeism rate in the hotel groups (as already discussed). To summarise, it would appear that the issue of employee health is considered important within the hotel groups. This is very positive. However, again the use of a computerised human resource information system would make the management of this issue much easier, and this needs to be investigated further.

This concludes the discussion of the human resource management processes involved in talent management. However, the way in which the talent that has been generated is engaged within the organisation needs to be more closely scrutinised. This will be the focus of the next section.

Results and findings: Talent engagement

Having observed that management spends time and money on generating talent for the organisation, a number of questions can now be asked, namely: 'What do talented people want?' 'What conditions do talented people thrive in?' and 'How do talented people like to be managed?' These questions will be answered by the following sections: Section 4.5: Innovation and creativity, Section 5: Motivation to commitment, Section 6: Communication, Section 7: Culture, Section 8: Involvement in leadership, Section 9: Policy and procedures and Section 10: Management involvement.

Subsection 4.5: Innovation and creativity

Seven items relating to innovation and creativity were included here. According to Thorne and Pellant (2007: 104), talented people want the following: recognition, a feeling of achieving something significant, excitement, variety, stimulation and a feeling of making a difference. From the results obtained, it is clear that an environment of innovation and creativity exists within the hotel groups participating in the survey. This is a positive finding. If talented people cannot be continuously stimulated with new challenges, and management does not also play an active role in this regard, the company will lose the talent it has. To summarise, it would appear that the hotel groups take the creation of an innovative and creative environment seriously.

Section 5: Motivation to commitment

Twenty-one items relating to motivation and commitment were included here. Creating the right environment for talent to thrive in is no easy task. According to Mackay (2007: 29), who based his recommendations on an extensive literature survey, the following components need to be in place in a company in order to motivate employees to be committed to the company: approval, praise and recognition, trust, respect and high expectations, loyalty, building confidence and self-esteem, removing organisational barriers to both individual and group performance, job enrichment, good communication and financial incentives. From the findings, it is clear that the statements that address these issues are all strongly supported by the hotel groups. Some relatively small problems are evident, however; for example, conducting regular employee attitude surveys and recognising employees' achievements are issues that the companies should address. To summarise, it would appear that the hotel groups take the issue of motivation seriously.

Section 6: Communication

Eleven items relating to communication were included here. The importance of good communication within the work environment cannot be underestimated. According to Porter, Smith and Fagg (2006: 203), the effects of poor communication can include: (1) drastic effects on production and employee relations, (2) continued misunderstandings and (3) confusion, mistakes, wastage, and even accidents and high labour turnover. The impact on the utilisation of talent within a company can thus be devastating. The findings indicate that the majority of companies (more than 70%) apply good communication practices within their organisations. This is essential in a customer-service environment such as a hotel. To summarise, it would appear that communication is considered important by the hotel groups.

Section 7: Culture

Nineteen items relating to culture were included here. Robbins (1993: 298) indicates that culture within an organisation plays an important role, namely:

• It is a method of control whereby the values and attitudes of staff are moulded.
• It is a framework of behaviour that unites all members of staff.
• It makes a statement about the individuals who work in a particular organisation.
• It defines what is acceptable and what is not.

The findings indicate that the majority of companies (50–100%) have very clear cultural values within their companies. The individuals working within these companies therefore know what is expected of them and what they can expect from the organisation. This is a very positive finding. To summarise, it would appear that culture is considered important by the hotel groups.

Section 8: Involvement in leadership

Seven items relating to involvement in leadership issues were included here. Involving employees in the decision-making processes of the company can be very important, indicating that companies have faith in their employees' abilities and further strengthening the level of trust between the employer and employee. The findings indicate that the majority of companies (50–100%) highly value the principles pertaining to participative management. The only exception appears to be the involvement of employees at the lowest levels in projects, where the majority of the companies (60%) do not agree with this involvement. Perhaps gaining grassroots support can open up new possibilities for these organisations. To summarise, it would appear that involving employees in the leadership of the company is considered important by the hotel groups.

Section 9: Policy and procedures

Five items relating to policy and procedures issues were included here. Policies are guidelines to management's thinking and help management to achieve the organisation's objectives, whereas procedures indicate the manner in which things are done, for example, the recruitment procedure. To be effective, policies should be in writing and should be communicated to all employees. From the findings, it is clear that in the majority of companies (90–100%), employees are well informed about the policies and procedures of their companies. They also perceive these to be very fair. The only negative finding relates to the involvement of employees in the formulation of company policies/procedures, in that the majority of the companies do not regard this as necessary. However, the overall findings are positive. To summarise, it would appear that the policies and procedures are well compiled and communicated within the hotel groups.

Section 10: Management involvement

Fifteen items relating to management involvement were included here. As mentioned earlier in this paper, the involvement of management with the talent-

management process is important. Management not only becomes directly involved with employees, but is also responsible for the general planning within the organisation, as well as for building the organisational culture. From the findings, it is clear that in the case of the majority of the companies (60–100%), these activities are at present being performed by the managers. This is a positive finding. There is no doubt that a hands-on approach is the only way in which things can happen. To summarise, it would appear that the managers within the companies are directly involved in supporting the talent-management process.

Conclusions and recommendations

The primary objective of this study was to determine the extent to which talent-management practices were being implemented in companies within the tourist accommodation industry, focusing on the hotel sector. Almost all the major hotel groups in the country participated in the survey, which makes the results representative of the hotel groups in South Africa. Despite the negative finding of the *2008 Travel & Tourism Competitiveness Report* (WEF 2008) with regard to the issue of hiring and firing practices (on which South Africa was ranked 128th out of the 130 countries surveyed), the overall findings of this study pertaining to human capital management were quite positive. The following shortcomings were identified, however, and need to be addressed within the industry. It is recommended that the South African hotel industry should:

- Have a fully integrated computerised human resource information system (HRIS)
- Measure the performance of the human-resource management function on a regular basis by making use of the Balanced Scorecard (Kaplan & Norton 2005), the HR Scorecard (Becker, Huselid & Ulrich 2001) and the Workforce Scorecard (Huselid, Becker & Beatty 2005)
- Appoint a person/persons whose sole role within the company would be to manage the talent within the organisation
- Establish a budget for the retention of employees
- Investigate the reasons for high turnover on a continuous basis
- Improve the education levels of staff
- Make an in-depth study of the national workforce through skills profiling of the labour force
- Become more innovative regarding recruitment strategies
- Work on becoming the employer of choice (company branding)
- Develop proper career paths for staff

- Improve the issue of teamwork
- Focus more pertinently on developing future leaders within the company
- Monitor productivity levels on an ongoing basis
- Design a proper compensation structure linked to the future goals of the organisation
- Monitor changes in job content as a result of the changing organisational environment
- Redesign jobs on a regular basis as a result of new challenges facing the company
- Provide more flexibility for staff in choosing benefits
- Re-examine the issue of employee compensation, especially when employees work overtime
- Evaluate the company's performance appraisal systems on a regular basis to assess whether they are still appropriate
- Increase the frequency with which performance appraisals are conducted
- Make stress awareness a high priority
- Make better use of company surveys
- Involve more junior staff in decision-making processes.

Talent management is thus a critical business function in any economic climate; the acquisition and retention of top talent should be an ongoing process. Successful organisations know that exceptional business performance is driven by superior talent (Taleo Corporation 2008: 9).

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