

Talent and skills management: a key driver to grow companies and improve service delivery

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The generation of sustainable and strong financial results in businesses and organisations requires the effective management of talent and skills in the long term.

There is a clear link between skilled and motivated staff and high-performing, competitive businesses. Such high-performing and competitive businesses render enhanced customer services to their clients, have sustainable competitive advantages and grow their revenues and market shares consistently.

Successful businesses and organisations have been built by great teams. For example, Microsoft, General Electric, Xerox, Walmart Stores, Boeing, Johnson & Johnson, (Fortune 500 companies); Exxaro, Capitech Bank, Kumba Iron Ore, Sappi, SA Breweries, Sasol, Vodacom, Premier Foods. (SA Top 100 companies).

To build a great company, you need a great team. To have a great team, you need to build one. To build a great team, you need to attract, develop and retain skilled and motivated staff.

Developing leadership

According to the PWC 15th annual global CEO survey 2012, CEOs were asked what activities they would spend more time on. Sixty-six percent of the CEOs said developing leadership and the talent pipeline. Therefore, talent management and skills development remains a priority for many CEOs.

Marijn Dekker, chairman of Bayers AG, said: "But what is interesting and what is changing is that among Western companies, the ability to hire, develop and retain talent in developing economies has become a major point of competitive differentiation."

However, the chronic shortage of key skills remains a huge challenge for businesses around the world as well as here in South Africa. Therefore, the challenges of skills shortages pose a major threat to business growth prospects. All businesses compete for scarce skills from a small pool. In addition, skilled people are highly mobile and companies have difficulty in retaining those skills.

Chronic shortage of skilled people

Because of the chronic shortage of skilled people, businesses were unable to pursue a market opportunity, delayed or

cancelled a strategic initiative, dropped production and delivery standards, lost their competitive advantages and cancelled or delayed the expansion of operations, according to the PWC survey.

According to the Reserve Bank's annual economic report "Rising risks for South Africa's slow recovery" as published in the Financial Mail on 25 July, 2012, South Africa's share of exports to the export markets has dropped significantly. The bank's chief economist, Monde Mnyande, said that SA needs to regain international market share. In the early 1960s, its exports were more than 1.5 percent of total world exports. By 2000, that share had dwindled to about 0.5 percent. It has since increased marginally, to almost 0.6 percent, but that was brought about more by increases in world prices of SA's export commodities than by growth in export volumes. In summary, the country's international competitiveness has shrunk over five decades.

The economic report lists domestic education and skills constraints as one of the reasons for the decline. "In the long run, a country's competitiveness depends mainly on human enterprise and skills," Mnyande said.

The importance of skills and talent management in municipalities

Great people are also needed to build great municipalities. In fact, municipalities need great people to a large extent to manage and control such municipalities successfully, as they have a great impact on the lives of the people of the country. If municipalities fail to deliver services to the community, the consequences are dire.

Municipalities lack competent and committed people. The Minister of Finance, Pravin Gordhan, said recently that local government lacks key skills at executive and senior management levels.

The Auditor-General (AG), Terence Nombembe, recently reported dismal audit results for municipalities for the 2010/2011 financial year. Only 13 of the 343 municipalities got clean audits. The municipalities also incurred R11 billion in unauthorised and irregular expenditure as well as fruitless and wasteful expenditure, an increase of R3.5 billion as compared to the previous year. Moreover, most of the AG's recommendations have not been implemented, even in the previous financial year. The staff's performances were far below standard, supply chain management practices were poor, systems of internal control were weak and financial reporting was inaccurate.

The AG cited a lack of skilled personnel in the finance and risk-management departments. Other reasons also cited were incompetent officials in key positions at 72 percent of municipalities.

Skilled and committed personnel must be hired

In order to turn around these municipalities, skilled and committed personnel must be hired, developed and retained. However, there is a huge shortage of skilled finance and risk-management personnel in the marketplace. In addition, the private sector fiercely competes with the public sector for these skills. Such skilled people are only attracted to organisations and companies that make them good offers in terms of attractive remunerations and benefits, career development and learning opportunities, incentive bonuses, profit sharing and share options, supportive and empowering work environment, flexible working arrangements, access to professional employee assistance programmes, excellent working environment etc.

Therefore, local government must develop a long-term strategy to become an employer of choice by developing innovative employee value propositions in order to compete effectively for scarce skills in the marketplace.

In the interim, local government must use reputable business advisors and consultants to assist in the management of its finances and risks, as well as the mentoring and coaching of staff - particularly those in the finance departments. Service-level agreements with business advisors must also be compiled to set expected performance outcomes and to assist to monitor the progress of performance outcomes.

A credible project management methodology must also be utilised to implement the AG's recommendations and other

business solutions.

Strategic solutions to talent and skills challenges

- A long-term approach must be adopted for talent development.
- Human resources planning must be integrated with strategic planning in organisations and companies.
- Companies and organisations must develop and implement innovative employee value propositions in order to attract and retain skilled and motivated staff.
- Companies and organisations must significantly increase investments in training and development of their workforces.
- Employees must be engaged in the work place as there is empirical evidence that engaged employees become committed and perform at higher levels.

ABOUT VIRGIL BETHANIE

I enable medium-sized and large businesses to improve performances, accelerate growth & create sustainable value.

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