# A STUDY ON TALENT MANAGEMENT PRACTICES IN INDIA

*Dr. D. M. Pestonjee[1] Dr. Haresh Barot[2] Dr. Poonam Chhaniwal[3]*

## ABSTRACT

*VUCA (Volatile, Uncertain, Compound and Ambiguous) environment have become the order of the day, so much so that they have become acknowledged by the terms like "perpetual crisis" in leading industry and business circles. This is essentially a signal by top industry professionals to it employees unanimously that should see the VUCA world as a permanent condition. Against the backdrop of this context talent management is giving sleepless nights to top HR professionals. Coupled with the VUCA forces, globalization, talent mismatches and knowledge economy has ensured an ensnarling talent crunch for organizations. Practitioners press is seasoned with articles on talent management and employee engagement still there exists a disturbing absence of lucidity around the meaning and span of terms talent and employee engagement. Understanding the complexity of today's times complemented by the embracing of start- up revolution, the following research study sought to explore and investigate the relationships of talent management practices with employee engagement.*

***Key Words**: Talent Flair, Engagement, Commitment, Talent Crunch.*

## INTRODUCTION

The current globalized world has thrown open a new business challenge for the organizations. Globalization has mandated businesses to expand operations from prime economies to increasing economies. Their success is posited upon how effectively and efficiently they can utilize their knowledge. The augmented reliance on skilled cum knowledge workers has put immense weight on corporate to improvise their talent engagement systems and the technologies as well. The blurring line between employees within the companies and those without is also propelling talent engagement changes, specifically around sourcing, strategic manpower planning and workforce engagement. Against the backdrop of this context, top executives around the world have realized the pressing need for talent management, with an understanding that talent is the only source of long term business success. Skill shortages and competency misfits are becoming a serious threat for companies. It becomes crucial to align talent engagement practices with corporate strategy. Ironically, the task of managing employees even till today rests on the shoulders of HR, when actually it should be a shared responsibility and needs to be a part of the business tactics owned by higher echelons of the industry.

**Motivation of the study**

Strategy is the landmark for any organizational success (Worley, Hitchin and Ross, 1996). Talent Management has become a critical mission for organizations. The literature is ripe with work on this area with contemporary trends in talent management, talent management metrics, talent incursion, retention, talent poaching explicitly seen in text cutting across the globe like the UK, USA Australia, Japan, China, India and across Asia (Yeung 2006; Ruppe, 2006; Dunn, 2006; Chugh and Bhatnagar, 2006; Lewis and Heckman, 2006; Lewis , 2005; Branham, 2005; Bennett and Bell, 2004). The ever augmenting competition and the absence of accessibility of extremely gifted manpower has transformed spotting and maintaining gifted employees a prime concern for companies (Fegley, 2006).Ironically, acceptance of this fact has even failed to give a wakeup call to the organizations due to the absence of aggressive and in place talent management

1   *Professor Retd. IIM – Ahmedabad, Chair Professor – SPM, PDPU, Gandhinagar*
2   *Assistant Professor, Government Commerce College, Naroda, Ahmedabad*
3   *Assistant Professor, V. M. Patel Institute of Management, Ganpat University – Kherva.*

strategies. Volatile, uncertain, compound and ambiguous environments (VUCA) are creating a perfect storm of talent engagement.

There are very minimal studies in research which explores the association/ no association between Talent Management and Engagement. The studies conducted by Forman (2005) and Romans and Lardner (2005) focused on talent management practices and associated practices; whereas Bhatnagar (2007) investigated employee engagement and tried to give a link between engagement and talent retention. Studies have been conducted by practitioners and various consultancies like Gallup Consultancy, Hewitt Associates, and Institute of Employment Studies (IES) in the field of employee engagement with emphasis on organizational performance, business outcomes but none of them have examined the relationship on talent management practices with engagement.

### The IT/ITES Industry in India

The ITES/BPO sector has turned out an assorted and a swiftly expanding offshore market with an ambitious yearly expansion rate of 60 percentage (Tapper, 2004). Unmatched blend of low costs, in-depth methodological and language expertise, mature retailers and right government guidelines have ascended India as one of the premier off shoring hub across the world (A.T. Kerney, 2007). India undoubtedly commands supremacy in terms of its competitive advantage to other countries in their back-end work. Approximately 100,000 engineering graduates churned out every year are deployed in technical support work in these BPO (A.T. Kerney, 2007).

As per, a study by Budhwar *et al.* (2006) with Indian sub-continent projected revenues of $148 billion till 2012, the IT/ITES sector mandates straight hiring of above 3.7 million people. India does have a wide reservoir of "talent pool", but they lack the requisite industry skills because of which their talents are scarce. This has led to amplified stage of poaching and employee turnover cases. The attrition figure is highest in IT/ITES sector at

(31%) followed by telecom, banking and financial services, aviation and hospitality real state and FMCG. The attrition rate in this sector at present, hovers around 30-35percent.

## REVIEW OF LITERATURE

Talent Management has appeared to be the latest "searched" word in (HRM) dictionary. A 2007 hit on the term "Talent Management" on Google search engine exhibited possibly 5,75,000 hits, with terms as Talent management trends , Talent management solutions capturing numerous Human Resource Management (HRM) periodicals and journals. Despite being a popular buzzword and apparent popularity, there is disturbing lack of clarity around the concept of Talent Management. The universal fact is that talent and intangible capital of organization are the ones that propel the organization in the current economy (Forman, 2005; Michaels et al., 2001).

The concept of Employee engagement emerged in 2006, when Central Institute for Personnel Development (CIPD), undertook review of level of engagement in the UK workforce, result of which were available in report entitled *Working Life: Employee Attitudes and Engagement (*Truss *et al 2006).*

The prominent and prime issue in the text is the absence of unanimously and commonly established definition of employee engagement. The major work on employee engagement presents it as an emotional state (e.g. obligation, attachment, engrossment and affection etc.), a outcome/output construct (e.g. profile performance, endeavors, visible actions, corporate citizenship conduct etc; Macey and Schneider, 2008a) or an outlook.

The pre wave was marked by the acceptance of the universal urge of workforce to engage with their role profile and the organizations they were associated with. For instance, Katz and Kahn (1966, p.388) mention about the employee behaviors important for securing organizational effectiveness. They have not used the word employee engagement, but their study recognized the importance and its association with organizational success.

The early 1990's began with revered scholastic study on engagement by (Kahn 1990, 1992). Kahn is revered to as the pioneer in the area of workforce engagement. His study his appreciable yet he does not use the calibration particularly and his qualitative work primarily focused on personal engagement. It was seen that an engaged employee was immersed in his job physically, cognitively and emotionally. The term Kahn (1990) used to portray these calibrations is 'individual engagement' and 'individual disengagement'. The presence of three psychological factors defined the engrossment of an individual to a role profile fully. Those were the likes of core job characteristics (meaningful work), safety/equity (social essentials including management approach process &organizational regulations) and the accessibility (individual distractions).

The time period between2000-2005witnessed acknowledged work from both academicians and practitioners. The consultants at Gallup and Hewitt Associates carried out study with the specifically designed questionnaire called as Gallup Workplace Audit (GWA) (Harter *et al.,* 2002) and the Q12 employee engagement questionnaire (Harter *et al.,* 2003; Harter and Schmidt, 2008).DDI (2005) used the description 'the degree to which employees treasure, like and consider in what they perform and include the element of feeling valued. Another major consultant/ researcher,

The time was also marked with an understanding and manifestation of employee engagement from the field of psychology, termed as positive psychology. The presence of several factors defines the presence of positive attitude and that the absence of these factors or other factors leads to burnout (Masclach *et al.,* 2001; Harter *et al.,* 2002; May *et al., 2004).*

The defining areas which lead to engagement and burnout are pecuniary benefits and acknowledgment, organizational and supervisor support perceived equity of rewards and fairness of processes (Masclach *et al.)* The major criticisms of the study are

that describing engagement as an antithesis of burnout is not adequate, as engagement and burnout are two distinct terms. The study undertaken by Kahn (1990) and Maslach *et al* (2001) are significant in terms of defining the necessary antecedents or the drivers for the existence of engagement. But the major drawback of these studies is that they do not provide sufficient justifications as to why individual responds to these drivers with varying scales of engagement.

The time between2006-2010witnessed great deal of work in the area of engagement from academicians. The prime work in this area comes from Saks (2006).Offering support to Kahn's (1990) work on engagement, Saks refers to engagement of employees as a culmination of rational, non-cognitive and behavioral components.

Building and maintaining talent essentiates talent engagement. The talent management approach must be changed. There are various important fundamental theories that lead talent management strategy towards engagement and at the end towards organizational efficacy. The prominent theories those that drive talent management programs to employee engagement include, Resource Based theory (Barney, 1991), Integrated Strategic Change Theory (Worley et al., 1996) , Built – To- Change Theory (Lawler and Worley, 2006)and Talent ship (Boudreau and Ramstad, 2005).

But it is the passion and dedication and commitment of top management that defines the success of talent management. The dedication and sincerity must be preceded from the top management and that needs to percolate and be inducted in the culture. Ready and Conger (2007) have very rightly mentioned the three essential ingredients of an organization's talent management strategy as; dedication engagement, and ownership.

## Aims of the Research Study

1. To identify the factors affecting Talent management practices in IT/ ITES industry.

2. To examine the relationship of Talent management practices with employee engagement.

3. To put forward suggestions with a view to enhance Talent management practices in IT/ITES industry.

## RESEARCH METHODOLOGY

### Sample

The data reported in this paper is to analyze talent management practices in IT/ITES industry. Research adopted the survey approach to collect primary data. As population mean is not known, researcher has used population proportion method to measure and define sample size. The level of confidence and the permissible tolerance error undertaken by the investigator were 95% and at 0.05as population were unidentified. Taking the following aspects into consideration, the needed sample size was 385, and the actual numbers of respondents were 393, were comfortably superior to the threshold. A well thought-out non-disguised questionnaire was developed to seek the data needed for the said research study.

The measuring instruments was passed to the sample of 393 respondents who are working in IT/ITES industry for more than 01 year. The said research study utilized convenience non-probability sampling coupled with exploratory and descriptive design of research. To accomplish the primary aims of the study, factor analysis and multiple regression tests were undertaken.

### The Analysis Instruments

All the research instruments utilized in the present study of research are either borrowed or personalized from the previous research studies undertaken in the areas of talent management and engagement. The questionnaire in line with the study was basically bifurcated into two heads. The first head constituted mainly on the elementary information like the demographic details of the respondents, while the second head sought information on the specific dimensions of talent management practices and employee engagement. Pilot testing was executed with an objective to find the reliability of the scale. It was followed by certain minor changes. The responses sought from the respondents were primarily on a 5 point Likert scale ranging from "strongly agree" (5) and "strongly disagree" (1).

## DATA ANALYSIS

### Descriptive Analysis

The considerable chunk of the respondents were male (n = 308, 78.4%) with only 21.6% as female respondents (n = 85). In present study salaried employees working in IT/ITES industry are only considered for further study.

### Reliability Analysis

A questionnaire consists of 29 assorted statements on a 5-point scale. For gauging the content strength, a pretest with 36 respondents was undertaken, which were not counted in the sampling frame. The respondents were requested to critically assess all the facets of the questionnaire which included the phrasing of the specific items, structure and sequencing. The generated suggestions were then incorporated before the final usage.

**Table I –consistency figures**

| N of items | Cronbach's Alpha |
|------------|------------------|
| 36 | 0.905 |

Before, delving in deep to examine the factors that explained talent management, the soundness of the scale was gauged by examining its dependability. For the said purpose reliability analysis was undertaken and the said parameter which defined the consistency, the alpha (α) coefficient was calculated. It was found to be 0.905 (more than threshold limit).

### Factor Analysis

The major objective behind which the test of factor analysis is administered is data diminution and summarization (Boyd et al., 1989; Crawford and Lomas, 1980). It could be said that the objective is to bring down a sufficiently higher number of experiential

variables into to a lesser set of underlying factors that would be able to represent the crucial character of the primary variables to the extent possible. The said research work sought primarily to extract the underlying dimensions or constructs that aptly explained talent management practices.

**Table II - KMO, Bartlett's check of Sphericity & Sig level**

| Kaiser-Meyer-Olkin Measure of Sampling Sufficiency | | 0.846 |
|---|---|---|
| Bartlett's check of Sphericity | | |
| | Approximate. Chi sq | 2321 |
| | Significance | .000 |

The data secured through the survey was examined with the statistical measure of factor analysis in line with the objectives of the research work. The method of Principal Component Analysis was undertaken in specific. The measure of sampling adequacy i.e. KMO was 0.846 which could be termed as satisfactory (Kaiser, 1970). Following ahead the Bartlett's test of sphericity produced a significance level of (0.000) which indicated a respectable degree of association among the variables (Hair et al., 1998). The technique of Principal Component Analysis and Varimax method helped to extract key factors from the set of twenty nine variables; with a qualifying criterion eigen numbers higher than 1. It lead to the extraction of three factors. As per the loadings of variables on these 3 factors, they can be elucidated as:

**Table III - piece of music of individual factor identified in factor analysis**

| Statements | F I | F II | F III |
|---|---|---|---|
| TM2 | .843 | | |
| TM1 | .751 | | |
| TM3 | .684 | | |
| TM9 | | .756 | |
| TM10 | | .729 | |
| TM25 | | .681 | |
| TM18 | | | .847 |
| TM19 | | | .667 |
| TM17 | | | .656 |

(1) First factor refers to three variables. The groups of variables are concerned with

clear and honest communication from department and organization point of view, so this factor has been given a name **"Organizational and Departmental Communication".** Second factor consists of three variables. The groups of variables are concerned with the opportunities for development. Hence this factor has been given a name **"Opportunities for Development."** The third factor variables deal with performance evaluation and management. Hence this factor has given a name **"Performance Evaluation and Management**.

With an objective to examine and find out which facet of talent management counted most in envisaging employee engagement in IT/ITES industry, a linear regression was performed. Moreover, the impact of these different talent management factors on employee engagement was gauged by way multiple regression. In multiple regressions, various dimensions of talent management were fed as independent variables and employee engagement was entered as dependent variable. Enter method (simultaneous method) was used where in researchers specifies the set of predictor variables and relative contribution of each predictor in dependent variable.

**Table IV - Multiple Regression Analysis**

| Variables | Employee Engagement | | |
|---|---|---|---|
| | B[a] | b[b] | Sig. |
| Factor I | 0.499 | 0.409 | 0.000* |
| Factor II | 0.088 | 0.066 | 0.196 |
| Factor III | 0.027 | 0.021 | 0.671 |
| $R^2$ | 0.198 | | |
| Adjusted $R^2$ | 0.192 | | |

It was noticed that among the three factors; only 1 was noteworthy at 5% level i.e. factor I that is Organizational and Departmental Communication, while factor II and factor III was not noteworthy in elucidating talent management. In order to know the highest influencing factor, respective regression weights (B values) were considered. As

depicted in the table, Organizational and Departmental Communication (B=0.499) contributed highest.

## DISCUSSION

Assembled data were examined with the assistance of SPSS software package. Factor analysis was first used to talent management construct to assess uni-dimensionality (Conway and Huffcutt, 2003). After that multiple regressions test were carried to test the associations. Factor analysis test depicted that 29 items were clustered into three factors. Further, it was found that only **Organizational and Departmental Communication factor was** significant in explaining talent management.

Employees looked forward to crystal clear and inclusive communication from top management and as to how their contribution could suffice with the larger organizational objective and leadership vision. It came as no surprise that poor communication came out as impediment to employee engagement and led to disengagement.

Engagement is impacted by internal communication. It leads to employee involvement with the objectives of the enterprise. Internal Corporate Communication includes organizational activities intended to encourage worker acceptance of its developing aims (Welch and Jackson, 2007).

The findings of the study can help IT/ITES managers to gain useful insights regarding the relative contribution of each of the specific talent management aspects to employee engagement. The study is of value as it would assist organizations to improvise their talent management practices with a view to enhance the engagement of its employees.

The study in its best of efforts has tried to bring forth to light the significant drivers of talent management and engagement. The study would provide insight to the organization and HR practitioners to take engagement from a piece meal approach, since the current workforce employed in IT industry is in stark contrast to their predecessors in terms of personality, working styles and motivational needs.

It is advisable that organizations should keep a tab on organizational and departmental communication by way of unconventional media like digital blogs and posts. The current generations have an instinctual urge of being a part of the success story of the organization. They are driven by the WISTFM ("What's in store for me") fundamental. So it is advisable that over emphasis on rules and regulations be avoided. The importance of communication could also be brought home to them by way of workshops utilizing contemporary training modules on drama, theatre and neuro linguistic programming etc.

Career progression is at core. It is therefore advisable for the organizations to create ecosystem where the current workforce can see themselves developed.Innovative opportunities for development like stretch assignments, high potential program, and power packed coaching, blended training could be the right pack to pick.

As far as Performance evaluation and management is concerned, current generations addiction to digital gadgets and the other allied means of networking have made them accustomed to continuous and regular feedback. Organizations therefore should realize and abandon the one time ritual of performance evaluation by way of bell shaped review measure to more frequent and constructive mechanism.

Employee engagement is found to have positive tangible and intangible outcomes like customer engagement, successful organizational change, and employee advocacy. The future research could also explore the moderating or mediating role of employee engagement on the said factors. The research studies conducted seeks to offer information on the appreciable and appalling practice in the specific research area. Talent management, as a strategic intervention is not a one step exercise.

## REFERENCES:

- Becker, B.E., Huselid, M.A., & Ulrich, D. (2001).*The HR Scorecard: Linking people, strategy, and performance,* Boston, MA, Harvard Business School Press.

- Bhatnagar, J. (2007). Talent management strategy of employee engagement in Indian ITES employees: Key to retention. *Employee relations, 29(6), 640-663.*

- Branham, L. (2005). Planning to become an employer of choice. *Journal of Organizational Excellence, 24(3), 57-68.*

- Brown, R. and Stone, L. (2004).Business impact of the BPO market in 2005. Document G00123781, Gartner Research, Stamford, CT.

- Buckingham, M., & Coffman, C. (1999), *First, Break All the Rules: What the world's greatest managers do differently.* Simon & Schuster.

- Buckingham, M., &Vosburgh, R. M. (2001). The 21st century human resources function: It's the talent, stupid! *People and Strategy, 24(4), 17-23.*

- Budhwar, P.S., Luthar, H.K., &Bhatnagar, J. (2006). The dynamics of HRM systems in Indian BPO firms. *Journal of Labor Research, 27(3), 339-60.*

- Cappelli, P. (2000). A Market-Driven Approach to Retaining Talent. *Harvard business review*, 78(1), 103-11.

- Cheloha, R., & Swain, J. (2005). Talent management system key to effective succession planning. *Canadian HR Reporter, 18(17), 5-7.*

- Chugh, S., &Bhatnagar, J. (2006).Talent management as high performance work practice: emerging strategic HRM dimension. *Management and Labour Studies, 31(3), 228-53.*

- Chuai, X., Preece, D., & Iles, P. (2008). Is talent management just "old wine in new bottles"? The case of multinational companies in Bejing.*Management Research News,* 31 (12), 901-911.

- Cooper, D & Schindler, P. (2008), *Business Research Methods, 9th edition*, New Delhi, TMH Publication.

- Cummings, T. G., & Worley, C. G. (2005). *Organization development & change* (8th ed.). Mason, OH: Thomson South-Western.

- Fegley, S. (2006). *Talent Management: Survey Report.* Society for Human Resource Management.

- Gallup study: Engaged employees inspire company innovation. (2006). *Gallup Management Journal, http://gmj.gallup.com* (October 12, 2006).

- Grinnell, Richard. (1993). *Social Work, Research and Evaluation 4th edition,* Illinois, F.E Peacock Publishers.

- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., &Tatham, R. L. (2009), *Multivariate Data Analysis, 6th edition,* New Delhi ,Pearson Education Publication.

- Handfield-Jones, H., Michaels, Ed., & Axelrod, B. (1999), The *War for Talent*, Harvard Business School Press, Boston, MA.

- Harter, J. K., Schmidt, F. L., & Keyes, C. L. (2003). Well-being in the workplace and its relationship to business outcomes: A review of the Gallup studies. *Flourishing: Positive psychology and the life well-lived, 2,* 205-224.

- Harter, J.K., Schmidt, F.L., & Hayes, T.L. (2002).Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of Applied Psychology,87(2),* 268.

- Heinen, J. S., & O'Neill, C. (2004). Managing talent to maximize performance: *Employment Relations Today, 31(2),* 67-82.

- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33(4), 692-724.*

- Kahn, W. A. (2010). The essence of engagement: Lessons from the field. *Handbook of Employee Engagement: Perspectives, Issues, Research and Practice, ed. SL Albrecht, Cheltenham: Edward Elgar*, 20-30.

- Kahn, W.A. (1992). To be fully there: Psychological presence at work. *Human Relations*, 45(4), 321-349

- Katz, D. and Kahn, R.L. (1966), *The Social Psychology of Organizations,* Wiley, New York, NY.

- Kerney, A. T. (2007). India emerges as top offshore destination. *Times News Network, 6.*

- Kothari, C. R. (1999), *Research Methodology: Method and Techniques, 2nd edition*, New DelhiNew Age International Publication.

- Kress, N. (2005). Engaging your employees through the power of communication. *Workspan, 48(5),* 26-32.

- Kumar, V., & Day, G. S. (2001). *Marketing research.* John Wiley & Sons Inc.

- Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human Resource Management Review, 16(2),* 139-154.

- Little, B. & Little, P. (2006). Employee engagement: conceptual issues. *Journal of Organisational Culture, Communication and Conflict, 10,* 111-120.

- Macey, W.H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organisational Psychology, 1(1),* 3-30.

- Maslach, C., Schaufeli, W. B., &Leiter, M. P. (2001). Job burnout. *Annual review of psychology, 52*(1), 397-422.

- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology, 77(1),* 11-37.

- Michaels, E., Handfield- Jones, H., & Axelrod, B. (2001). *The War for Talent.* Boston: Harvard Business School Press.

- Olsen, R. (2000). Harnessing the internet with human capital management. *Workspan, 43*(11), 24-27.

- Pfeffer, J. (1994). Competitive advantage through people. *California management review, 36*(2), 9-28.

- Robinson, D., Perryman, S. P., &Hayday, S. (2004). The Drivers of Employee Engagement. IES Report 408. Retrieved August 1, 2005.

- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology, 21(7),* 600-619

- Schaufeli, W.B., & Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study. *Journal of organizational behavior, 25(3),* 293-315.

- Simhan, T.E. (2006). NASSCOM summit to focus on talent management. *Hindu Business Line*, 14

- Truss, K., Soane, E., Alfes, K., Rees, C., &Gatenby, M. (2010). Engaging the" pole vaulters" on your staff. *Harvard business review, 88*(3), 24-24.

- Truss, K., Soane, E., Edwards, C. Y. L., Wisdom, K., Croll, A., & Burnett, J. (2006). *Working life: employee attitudes and engagement 2006.* Chartered Institute of Personnel and Development.

***