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Talent Management – a Theoretical Framework for Talent Retention in Indian IT Sector

Usman Mohideen K S[1]

Dr.S.Subramaniam[2]

ABSTRACT

The key success for any organization in current competitive world is to retain highly talented performers- Owning talented employees. Every organization wants to own best talent in the industry. Talent management is a tool to retain IT employees and to enhance the performance of the individual and organization. The retention rate is alarming in Information technology industry and its highest when compare to any other industry. Retaining high fliers in the organization is the key challenge for every organization. This retention through talent management strategy has various factors. The study is based on review of literature and processed source of information.

Keywords: *Talent, Talent Management, Talent Management Factors, Retention of Talents, Information Technology Industries*

THE ESSENCE OF TALENT MANAGEMENT

Human capital is most critical element of an organization. Globalization has given workforce a great opportunity to employ them in the organization of their choice. More companies are turning to their human capital to provide them with the competitive edge that will not only sustain their business but also improve their bottom line. With the recognition of the importance of human capital, businesses are focusing on talent management to add value to their organization. Talent management does not have one face, so various organizations implement it with their unique strategy. Talent retention is the biggest problem for any Organization.

[1]Assistant Professor, Sri Sai Ram Institute of Management Studies, West Thambaram, Chennai,

[2]Professor&Head (i/c), Department of Management Studies, Tamil Nadu Open University, Saidapet, Chennai

Talent is defined as a special ability that allows someone to do something well and talented employees is those who difference in performance through immediate contribution or in longer term by demonstrating highest level of potential. Talent Management refers to the process of developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for a company. In short, it is the systematic attraction, identification, development, engagement, deployment and retention of talents.

The term Talent Management is coined by David Watkins and introduced by McKinsey Consultants in 1990. It is the most pressing problem of the new millennium. In a knowledge based sector like IT industry, it is essential that the top management should understand its employee requirements and expectations before framing the retention management strategies. Talent management dimensions are Talent attraction, Talent deployment and Talent development.

NEED FOR TALENT MANAGEMENT:

Two options for handling Low productivity, dissatisfaction, Low Morale and absenteeism, either the company can be pessimistic or optimistic. The pessimistic attitude is "LET THEM GO" and Optimistic is opting for "TALENT MANAGEMENT". Talented employees who are not identified, nurtured and developed will invariably leave the organization.80% of the leaders believe that talent pool is inadequate and 60% of employees want to switch job market. To ensure the right supply of talented workforce is ready to realize the strategic goals of an organization and to retain talented employees.

PROBLEM STATEMENT

The below are the reasons for conducting the study:

- ❖ Challenge in every IT company is retaining of Talents: Low retention is seen in almost in all fields but it is certainly alarming in IT industry. In an extremely competitive market, it has become imperative for IT companies to look into the causes of low retention and to find ways to prolong the employee's stay in the organization.
- ❖ Every company is investing huge amount on every employee for recruiting, orienting and developing.

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Cost incurred per employee

Table 1.1 Cost incurred by IT companies in Recruiting and Training of Employees

Dimension	Cost of Recruiting /Employee	Cost of Training/Per Employee
In Dollars($)	3500	1200
In Hours/year	8	32

Source: http://www.investopedia.com/financial-edge/0711/the-cost-of-hiring-a-new-employee.aspx

❖ Companies are putting tremendous effort in attracting employee to their company but spend very little time in developing and retaining talents.

❖ In IT industry the attrition rate is very high when compare to other sectors. The following is the attrition rate in India and Asia & Gulf Countries for various sectors for the year 2010 -2011

Table 1.2 Sector wise Attrition Rate in India and Asia & Gulf Countries

S.No	Sector	Attrition rate (%)	
		India	Asia & Gulf
1	IT & ITES	23	31
2	Banking and Financial Services	18	23
3	Health Care	12	22
4	FMCG	11	21
5	Automobile and Manufacturing	11	19

Source: Survey Conducted by My hiring Club

❖ GDP of our nation declined by 5% due to attrition – Adil Malia, President HR, Essar Group.

❖ A study by Divakar Kaza, President HR, Lupin Pharma reveals that

1. Nearly one in every THREE employee lack confidence in being able to achieve career objective (37%).

2. 39% feel they don't have favourable environment for learning and developing.

3. 36% feels that they are not satisfied with supervision and coaching.

❖ Technology Business Research, US based research firm infers the following findings about attrition in various IT companies in India for 2011 -2012 & 2012 – 2013.

Table 1.3 Attrition Rate in Indian IT companies

S.No	Company Name	2011-2012 (%)	2012-2013 (In %)
1	Infosys	15	18
2	TCS	11.2	10.9
3	CTS	10	14.5
4	Wipro	12.9	16.3
5	HCL	14.4	16.1

❖ Global Professional Services Firm, Tower Walson said, In India 92% of firm experience challenges in attracting talent and 75% in retaining.

❖ CIPD (Chartered Institute of Personnel and Development says Talent Management has positive impact on retention of Indian Employees.

OBJECTIVES OF THE STUDY:

To Study the various factors that constitutes Talent Management System for retaining employees in IT companies.

SCOPE OF THE STUDY:

For the purpose of the study, top IT companies in India which practice Talent Management Strategies are considered viz, TCS, Wipro, Infosys, HCL Technologies, CTS and L&T were selected for the study. This helps to identify critical factors and their role in effective talent management. The primary reason for the research is people are the critical assets of the company, so it is essential to invest them, but it should make sure that the supporting elements provide the maximum support.
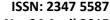
LITERATURE REVIEW:

Tequia Burt (2005), this article says Healthcare leaders need to start paying more than just lip service to the practice of cultivating leadership from within. Having a leadership development plan in place allows senior management to have a clear picture of the kind of leaders organizations need to meet specific goals. Here are some tips on how to develop a succession plan: 1. Make a collective commitment to the plan. 2. Establish a leadership model. 3. Realize that change cannot happen overnight. 4. Conduct talent reviews at least annually. 5. Draft individual employee profiles. 6. Set up peer reviews. 7. be ready to shake things up. 8. Create leadership development plans.

Bhatnagar (2007), the purpose of the paper is to investigate talent management and its relationship to levels of employee engagement using a mixed method research design. The results were in the expected direction and fulfilled the research aims of the current study. In the first phase low factor loadings indicated low engagement scores at the beginning of the career and at completion of 16 months with the organization. High factor loadings at intermediate stages of employment were indicative of high engagement levels, but the interview data reflected that this may mean high loyalty, but only for a limited time. In the second phase factor loadings indicated three distinct factors of organizational culture, career planning along with incentives and organizational support. The first two were indicative of high attrition.

Neeti Leekha (2008), from the study it is identified that, in addition to various other strategies, talent management and employer branding contribute to retention and acquisition of the desired workforce. This paper focuses on various strategies that organizations are adopting in both these areas to achieve the organizational goals and have a competitive edge over other organizations. Paper states that what is important is to develop an understanding of what will keep employees glued to the organization, as once you get people in the door you need to give them a reason coming back.

Salopek (2009), this paper says that talent pool was down to about 30 people when the training and development organization became involved. Now directed by performance and potential, the training and development team targets a pool of 5% to 10% of associate's with highly focused career development plans, cross-functional training sessions, simulations and
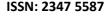
action learning, mentoring, coaching, and follow-up in a seven-week "Leadership Challenge" program that enjoys exceptional executive involvement and support. The training and development organization employs 60 professionals who are mostly field-based. By leveraging Web-based delivery and reusable learning objects, time to deploy the new initiative was cut from the five to nine months per module to eight months for the entire program of 12 basic and five intermediate modules.

Pallavi Srivastava (2010), this paper addresses the concerns associated with the talent acquisition and how employer brand can overcome some of them. The empirical results are initial steps towards the development of a scale for measuring employer brand in a later stage. This also focus on development of the unique employee value proposition based on the person need fit of talent.

Cindy Wang (2011), this paper explores the connection between talent development and knowledge-sharing mechanisms. The findings confirm that incorporating a knowledge-sharing socialization mechanism with talent development programs has a nurturing and supporting effect on learning and development. The mechanism can be used to facilitate organization-wide knowledge sharing and support both organization-led and self managed talent development programs.

Maitri Shah (2011), this paper focuses on how creating an employer brand in the minds of employees can help in talent management. A fact remains true forever that for any organization talent is the key to growth. Looking at the present market scenario, we can infer that the growth during a recession in order to promote the brand of the organization should not be considered a waste of money instead should become a necessity. The study concluded that not only there is a need of creating satisfaction in minds of employees but there is an urgent need of creating this positivism in the minds of external environment. The created image has to be monitored and sustained in such a way so that if will help in increasing profits as well as would create belongingness, pride, self actualization and true commitment. Companies who don't invest in developing an effective employer brand in the minds of the employees, in the long run, be less financially successful than those who do.

Anne Lueneburger (2012), this study explores how coaching effectiveness is enhanced by focusing on and managing of the relative frequency of individual job tasks and how it contributes to deepening the leadership bench in organization. Research suggests that in order
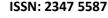
to motivate and retain an organization best people, the key is to understand their strengths and maximize their opportunities to apply these strengths. Talent ability should be customizing their role and career path intervention in order to effectively support talent retention.

Hassan Darvish (2012), this research aimed to study the relationship between talent management competencies and intention to quit. The analysis of results demonstrated that the level of talent management competencies is desirable and has a significant inverse relationship with intention to quit the organization in the studies population. With using talent management competencies, organizations could decrease the intention to quit the organization in its employees and reduce many of the harmful results and costs.

Maya.M(2012), the study attempts to explore the factors that improves rate of talent retention in the organization. Two major IT companies situated in Chennai city, which practices talent management strategy currently were selected for the study, 150 software development executives were selected. The result of factor analysis on Talent management revealed three factors for each organization. These factors have substantial role in increasing the employee's intention to stay and how the software development executives perceived their talent management strategies. The results states that employee's stay when there is good relation, fair treatment, supervisory motivation and good work life balance have strong relation with talent management. Then comes the factors such as development opportunities, career ladder, talent identification, and job challenges and security encourage employee's intention to stay in the current organization.

Sajjad Waheed (2012), this paper proposes and discusses a four stage model that covers probable research aspect of the Talent Management and the subsequent Career Planning. Talent management and Career planning are to be seen as complement of one another. One of the reasons is that talents are not only confined within the organizations they are also found outside the organization. These talented workforces have got their own career plan which the organization should realize. The four stages are Process of new recruitment, Building a talent Pool, Usages of the new found 'Talent' in different dimensions and Re-examination Planning.

Yalcin Vural (2012), the paper focus on how talent management affects the employee commitment. The results revealed that talent management integrated human resources procedures and performance systems have positive impact on employee commitment. Integrated talent management will be a linear improvement tool for all functions by gathering
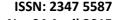
data and converting these data to meaningful information in processes from developing competence maps to performance appraisal.

De Vos Ans (2013), the aim of this study was to gain empirical insight into how organizations' human capital composition (in terms of both uniqueness and strategic value) affects the way they design and implement their career management policies. The authors formulated hypotheses based upon conflicting assumptions found in the careers literature and the talent management literature. The study yielded mixed findings. Both threats of qualitative (value) and quantitative (uniqueness) human capital shortages were found to be important determinants of importance attached to continuity as a career management goal and, consequently, of an organization's approach to career management. They argued that the careers literature might take lessons from the talent management literature by acknowledging the fact that careers serve strategic functions for organizations, whereas the talent management literature might build on insights from the careers literature on the mechanisms by which to retain and engage individual career actors.

Hayati Abdul (2013), the author states that knowledge sharing capability is important factor to consider when designing human resource management practices that help to facilitate successful knowledge sharing behaviours among employees. The study confirms that knowledge sharing capability is important for knowledge sharing success, suggesting its significant role in the design of knowledge driven HRM practices.

Hodges Detuncq (2013), the article discusses integrated talent management (ITM), which seeks to attain employee capabilities that increase business performance, with focus on performance management, learning and development, succession management, engagement and retention, workforce planning, and talent acquisition. The implementation of ITM scorecards as discussed in the authors' book "Integrated Talent Management Scorecards: Insights from World-Class Organizations on Demonstrating Value" is also discussed.

Oltra Victor (2013), Talent management (TM) can crucially help optimize organizational learning (OL) processes. The aim of this article is to study whether certain TM practices related to teamwork design and dynamics stimulate and develop learning (i.e. knowledge creation) processes within the organization and across the different ontological levels (individual, group and organizational–institutional). A model linking team-based TM and OL is tested in a sample of large Spanish companies. Our empirical results emphasize the

distinction between individual–group and institutional levels of learning as the two pillars of OL. The results also highlight the role of team autonomy and creativity as crucial factors for successful OL through team-based TM, especially for interlinking individual and group learning levels.

Rana Geeta (2013), the purpose of this paper is to examine the talent retention practices in Bharat Heavy Electricals Limited (BHEL), a Navratna PSE of the Government of India. Effective talent management practices help the Indian public sectors in general to retain their best talent. At BHEL, talent management practices are focused on competencies, knowledge, learning and increased broad group engineering and technology transference.

Usha Tiwari (2013), this paper studies the strategies and practices of talent management and their impact on employee retention and effectiveness of its execution at AREVA T&D India Ltd. The prime focus of this study has to analysis the talent management initiative taken by the HR professional and find out the effectiveness of such initiatives as well as the satisfaction level of the employee. The study revealed that age of employees is independent from satisfaction but experience but experience of employees does affect the satisfaction with the practices of talent management. To conclude we can state that workforce planning and talent acquisition practices in Areva T&D are effectively executed, they attract right kind of personnel and use suitable recruitment methods.

THEORITICAL FRAMEWORK – ESTABLISHING CONNECTION:

Independent Variable is Talent Management Strategies and Dependent Variable is Retention.

Talent Management Strategies includes variables such as, Job Enrichment, Challenging Job, Employee Value Proposition, Employer branding, Empowerment, Leadership, Work force Planning, Motivation, Superior-Subordinate Relationship, Work Life Balance, Counseling, Knowledge Sharing, Learning Organisation, Mentoring & Coaching, Training and Development, Performance Appraisal, Competency Mapping, Performance Management, Skill Gap Analysis, Skill Recognition, Career Opportunities, Employee Engagement, Succession Planning.

Table 1.4 Talent Management Dimensions

S.No	Work Content	Work Environment	Learning and Development	Performance Measurement	Career Management
1	Job Enrichment	Work Life Balance	Knowledge Sharing	Performance Appraisal	Succession Planning
2	Challenging Job	Relationship with the Superior	Training & Development	Skill Recognition	Career Opportunities
3	Employee Value Proposition	Work Force Planning	Mentoring & Coaching	Skill Gap Analysis	Career Development
4	Employer Branding	Motivation Techniques	Counseling	Competency Mapping	Employee Engagement
5	Empowerment	Leadership	Learning organisation	Performance Management	

LIMITATIONS:

Every research has its own limitation. This is not an exception and thus it also has some limitations. They are stated below.

1. The study is done in IT companies, hence may not be applied to other industries. 2. The findings of this study can't be generalized to huge population. 3. The impacts of talent management variables are not known.

CONCLUSION:

In current global scenario, the intensity of competition is acute. Companies have to retain the talented minds and the Talent War is high. In the war of talent the success of the organization relies on retention of manpower that can make difference to the organization through their performance. To achieve this objective the organization should focus on talent management
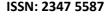
practices. The factors those constitutes talent management has great impact on retention of human resource. From review of literature collected in the study reveals there are so many factors which affect the effective talent management practices and which in turn affects retention trend in the organization. For effective talent management practices Job should be enriched, empowered and challenging jobs should be given. The organization should increase Employee value proposition and employer branding concept. The work force planning, performance appraisal, competency mapping, skill recognition should be done systematically. There should be cordial superior and subordinate relationship and employee should be motivated. Quality of work should be imbibed through work life balance, mentoring, coaching and counseling process. The organization should also enhance the knowledge of the employees through scientific training, knowledge sharing practices and encouraging learning organization. The organization which wants to achieve efficiency and effectiveness can no longer achieve through profitability index, they can achieve only by retaining talented and ignited minds. Further the research can be extended by establishing relationship between each and every talent management variables and retention.
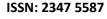
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