

A STUDY ON TALENT MANAGEMENT PRACTICES WITH REFERENCE TO BUSINESS PROCESS OUTSOURCING COMPANIES IN INDIA

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ABSTRACT

Talent management systems and processes need to be integrated into the total HRM system of the organization. Traditional roles of HRM such as recruitment, training, performance management and compensation need to be aligned to support the achievement of talent management goals such as talent turnover, employee engagement, succession pipeline ratios, etc. This article addresses how recruitment and selection, a traditional function of HRM needs to be managed in an organizational context that has a focus on talent management. Expressed from a strategic business perspective, "Talent management may be defined as a core sub-system of an organization's strategic management system, to develop a human resource asset base that is capable to support current and future organizational growth directions and objectives". Talent management may be described as comprising three key components such as Talent Identification, Talent Development -Internal and external talent development.

Key words: Talent management, BPO Companies, employee retained.

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1. INTRODUCTION

Talent management is currently one of the most popular concepts worldwide. Yet, it is a management concept that has emerged only recently and the diversity of management approaches and practices across the globe leads to different talent management manifestations in various organizations. Moreover, different meanings and interpretations of the concept have emerged, which has created some challenges and divergent perspectives on its development. From a business and economic perspective, the ability to attract, develop and retain talented employees, interns, idea generators and implementers has become vital for companies sustained domestic, regional and international competitiveness. Talent management refers to the anticipation of required human capital for an organization and the planning to meet those needs. The field increased in popularity after McKinsey's 1997 research and the 2001 book on *The War for Talent*. Talent management is the science of using strategic HR to improve business value and to make it possible for companies and organizations to reach their goals. Everything done to recruit, retain, develop, reward and make people perform forms a part of talent management as well as strategic workforce planning. A talent-management strategy needs to link to business to make sense.

A talent management system must be worked into the business strategy and implemented in daily processes throughout the company. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organizational objectives. In current economic conditions, many companies have felt the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization. However, within many companies the concept of human capital management has just begun to develop. In fact, only 5 percent of organizations say they have a clear talent management strategy and operational programs in place today." To develop a clear talent management strategy and to increase awareness of available talent and successors, all organizations should conduct regular Talent Review meetings to be prepared for a variety of business changes, such as mergers, company growth, or a decrease in talent needs. In the same way that all companies have regular meetings and reports regarding their financial status and budgetary needs, the Talent Review meeting is designed to review the current talent status and future successor needs in the organization.

2. REVIEW OF LITERATURE

Talent management is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees' talents and skills drive their business success. Companies that have put into practice talent management have done so to solve an employee retention problem. The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing

Growing number of organizations globally and in India are implementing the concept of talent management. Talent management cannot be excluded from business strategy and neither can it be a mere sub-system in the realm of Human Resource management function. Firms will be able to achieve better results by actively engaging senior leaders along with Human Resource professionals in talent management strategies.

BPO's are the highest job provider in the IT sector employing a total of more than 8 lakh professionals. Notwithstanding the initial glamour of this sector as a harbinger of opportunities

and an attractive career option, today with the vast number of players in the arena and easy availability of lucrative software jobs, the sector is smitten with the problem of attrition. Even big firms like Infosys and Wipro have an attrition rate of close to 20% in their BOP arms which is very high. As a quality workforce is crucial for business success, employers have started taking this very seriously and a lot of initiatives are being taken to curb attrition. As Kamal Karanth of Kelly Services India puts it, “The workforce is the backbone of the BPO industry and the attrition rates have becoming alarmingly high for the industry. Most of the companies are promoting within to ensure that talent remains.”

Tata Consultancy Services (TCS), established in the year 1968, is the largest provider of information technology (IT) and business process outsourcing (BPO) services in India TCS is an equal-opportunity employer for knowledge services companies such as TCS, people are their most valuable asset. Talent management teams know the skills and competencies of all their employees so that they can make more informed decisions in planning, training and delivery managements changed its hiring strategy and started focusing on just -in-time hiring or real-time talent management. To build a quality talent pool, TCS started a Programme called Academic Interface Programme (AIP). Also, various kinds of training programmes were conducted at TCS: Learning and Development, Initial Learning Programme, Continuous Learning Programme, Leadership Development Programme, Foreign Language Initiative, Workplace Learning and Ignite.

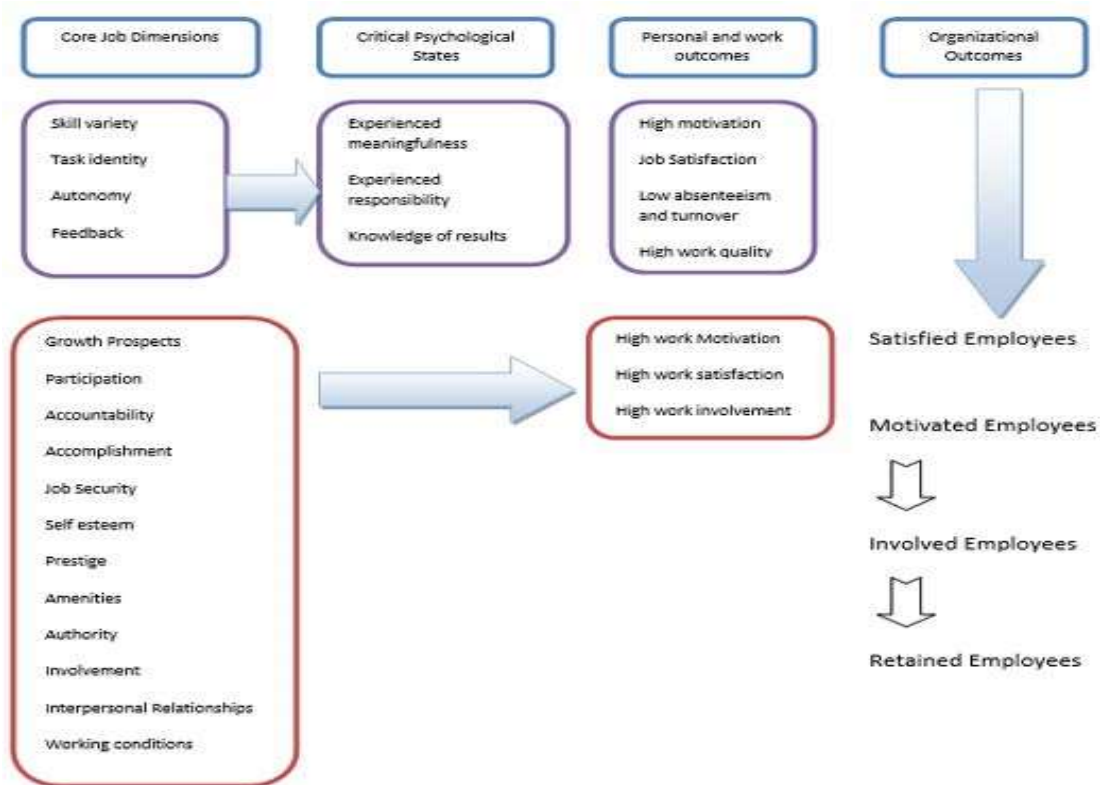


Figure 1 Process for Retained employees

TM is seen as a fuel for the engine of human capital management (HCM). Hence, its implementation is critical and a challenging factor for success and growth of the employees as well the organization as confirmed by management practitioners, experts, academicians. Beside this, TM has become an imperative managerial decision for each organization at all levels to meet the various challenges vis-à-vis, globalization, expansion, diversification, changing demography, and inadequate development. (Jyoti and Rani, 2014). TM strategies such as talent

identification, talent attraction, talent development, talent retention, talent engagement, talent review, talent-ship, talent segmentation is being implemented by the HR executives to adjust and manage the future talent shortages or to meet the talent gap in present and upcoming phase of the organization (Beechler and Woodward, 2009).

According to Jyoti and Rani, 2014 business organizations work hard to achieve sustainable competitive advantage, but there is still a wide gap between the desired and actual success. If this gap arises due to the performance and management of employees, then effective practices (such as strategic HR management) must be undertaken to attain the desired success. Strategic management of talented and committed people motivates other employees to exhibit their potential capabilities for the growth of the organization which enables the organization to outperform the competitors.

“Talented workforce” is the only scarce resource and corporate have come to realize this fact. This is the very reason why retention occupies the top most seat in the human resource manager’s “to – do” list. Retaining talent is the need of the hour, in today’s dynamic and competitive era. This is exactly what led human resource managers the world over to search for a newer way out of this crisis because the traditional approaches were no longer able to sustain employees. This quest for a better concept led to the birth of talent management – a newer approach conceptualized to move towards retention of talent-ship. Since then, there was no looking back and the field of literature on talent management started growing leaps and bounds and within a short span of time “Talent Management” has become the mantra for corporate success. Though the concept is not of recent origin its value augmenting ability has been recognized only recently. Companies which initially thought of talent management to solve high employee turnover, have learnt to incorporate it in their corporate strategy itself with a key responsibility placed on the line managers.

3. OBJECTIVES OF THE STUDY

- To analyze the Talent Management Process in select (BPO’S) IT Companies
- To find out the prominent features of Talent Management

4. RESEARCH METHODOLOGY

A qualitative study is used when the researcher wants to get a deeper understanding on a specific topic or situation. Myers (2007) 2 stated that the qualitative approach was developed in social sciences to support the researcher in studies including cultural and social phenomena. The study is based on qualitative theoretical research and the empirical finding consists of interviews performed in a qualitative way, this will be discussed. Case study research method will also be used to study the campaign. The information about the problem is collected from the Libraries, CD-ROM databases and the Internet. The literature on evaluating HR Policies ‘, I have focused on as recent material as possible. To get access to the latest developments in this area I have used several articles published in academic journals and trade magazines.

5. DATA ANALYSIS

The descriptive results, as presented in Table I, show that the mean of responses recorded against each variable was found to be in the range of 3.43 to 3.81. It clearly implies that all the answers were fairly distributed along the Likert scale. The standard deviation is around 1.5, which means that the survey has been conducted on a wide range of sample population who have given varied responses. Furthermore, the correlational analysis was conducted to investigate about the relationships among different variables of the talent retention strategies.

Table 1 Descriptive statistics of talent management strategies

| Variable No. | Talent management strategies | Mean | SD |
|--------------|--|------|-------|
| V1 | Launching employee stock option scheme (ESOPS) to retain talent | 3.81 | 1.497 |
| V2 | Improving work conditions and increasing organizational identity | 3.69 | 1.543 |
| V3 | By providing extensive trainings and valuing employees | 3.66 | 1.519 |
| V4 | By providing onsite opportunities and a global exposure | 3.45 | 1.701 |
| V5 | By providing clear career path and opportunities to progress | 3.59 | 1.363 |
| V6 | By providing mentoring and coaching programmes | 3.55 | 1.374 |
| V7 | By providing positive feedback and fair appraisals | 3.87 | 1.547 |
| V8 | By providing strong social security and employee welfare | 3.70 | 1.530 |
| V9 | By offering salaries that are above the market rate | 3.75 | 1.464 |
| V10 | By offering performance-driven rewards | 3.43 | 1.796 |

The 10-item scale was first subjected to factor analysis using the principal Strategies for talent management component method with varimax rotation to bring out the important talent management strategies used by the organizations. Beforehand, data adequacy tests for factor analysis were carried out based on the following considerations:

- The value of KMO statistic 0.895, is very large (Table II).
- The mean correlation was found to be 0.534 and it varied from 0.030 to 0.898, which revealed that there were enough correlations to go ahead with factor analysis (Table II).

All this indicates that factor analysis may be considered an appropriate technique for analyzing the given data.

Table 2 Factor analysis for Talent Management Strategies

| TMS | V1 | V2 | V3 | V4 | V5 | V6 | V7 | V8 | V9 | V10 |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| V1 | 1.00 | – | – | – | – | – | – | – | – | – |
| V2 | 0.87a | 1.00 | – | – | – | – | – | – | – | – |
| V3 | 0.64a | 0.73a | 1.00 | – | – | – | – | – | – | – |
| V4 | 0.62a | 0.64a | 0.62a | 1.00 | – | – | – | – | – | – |
| V5 | 0.72a | 0.76a | 0.70a | 0.61a | 1.00 | – | – | – | – | – |
| V6 | 0.65a | 0.62a | 0.61a | 0.57a | 0.75a | 1.00 | – | – | – | – |
| V7 | 0.71a | 0.75a | 0.63a | 0.56a | 0.76a | 0.64a | 1.00 | – | – | – |
| V8 | 0.69a | 0.72a | 0.64a | 0.58a | 0.80a | 0.64a | 0.89a | 1.00 | – | – |
| V9 | 0.47a | 0.44a | 0.43a | 0.50a | 0.52a | 0.48a | 0.46a | 0.48a | 1.00 | – |
| V10 | 0.56a | 0.04a | 0.16a | 0.16a | 0.11a | 0.14a | 0.03a | 0.49a | 0.41a | 1.00 |

Principal component analysis was used for extracting factors, and number of factors to be retained was based on latent root criterion, i.e. eigenvalues greater than 1. Besides, the number of factors to be extracted is also validated by observing the scree plot (Figure 1), which holds up the results of root criterion and makes it clear that 10 strategies can be more appropriately grouped into two factors after the application of factor analysis. The items were classified into a particular factor referring to the guidelines given by Hair, et al., (2011), i.e. factor loading greater than 0.70 are considered highly significant. Accordingly, all factor loadings obtained through orthogonal rotation with varimax having loadings greater than 0.70 (ignoring the signs) were retained. Applying exploratory factor analysis shows that 10 strategies have been grouped to form two factors or components. Notice that the first factor accounts for 58.71 per cent of the total variance and the second accounts for 15.16 per cent of the total variance. Cumulatively

both the factors account to 73.88 per cent of variance, which is a significant contribution. This indicates that 73.88 per cent of the total variance is represented by the information contained in the factor matrix. The factors composed of statements with respective factor loadings are summarized.

6. FINDINGS AND SUGGESTIONS

The research proves that the strategies adopted by organizations in the India are two-pronged: short-term and long-term strategies. The undeniable fact noticed was that the most powerful workplace motivator is our natural tendency to measure our own performance against the performance of others. In the age of social networking, employees are more likely than ever to share salary information with each other. Employers need to keep this fact in mind while designing compensation plans. In the short term, the organization provides monetary benefits to their employees for their performance. In the long term, employees are more interested in the growth of their organization, because it gives them a sense of job security, as when an organization is growing, there are less chances of it cutting down on the workforce.

7. CONCLUSION

In the present scenario where the quality of talent within the companies has increased while the quality of skills available in job market has dwindled. As business positions for recovery, the first thing that is needed is to refresh the vision and begin to paint a picture of what the new business landscape may look like," it was felt. The consensus was that in these strategically changing times, the role of professional education would be to fill the gap between the required talents vis-a-vis the available manpower. While many HR talent management processes are sometimes perceived as "nice to have" practices, they're actually vital to your company's success. Since in many industries, the cost of labor is the largest single business expense, learning how to properly manage your workforce and foster a culture of high performance can be critical to survival. As organizations continue to pursue high performance and improved results through TM practices, they are taking a holistic approach to talent management-from attracting and selecting wisely, to retaining and developing leaders, to placing employees in positions of greatest impact. Meeting this organizational supply and demand requires the right "Talent DNA" and supporting technology solutions. By implementing an effective talent management strategy, including integrated data, processes, and analytics, organizations can help ensure that the right people are in the right place at the right time, as well as organizational readiness for the future.

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