

**TALENT MANAGEMENT IN MODERN BUSINESS
SCENARIO WITH REFERENCE TO HR PRACTICES IN
VARIOUS INDUSTRIES OF INDIA**

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Abstract

In India Talented employees never had the privilege that they enjoy today. The organizations are looking at newer ways to attract employees. Once a recruit walk its gateways, it focus on building loyalty. This strategy of how to attract and retain employees is known as "talent management".

In today's challenging business scenario, to gain a competitive advantage in the business market, organizations need to ensure that they engage highly talented employees, this is driven by means of Talent Management strategies which mostly focus on five primary areas: attracting, selecting, rewarding, developing and retaining employee.

Managing company's competent and skilled human capital is essential for success. Due to tough target of attracting talent, HR heads of companies have started applying the 'employer branding strategies also known as **STP** (Segmenting- Targeting-Positioning) approach of marketing, In the confused scenario where talent is continuously diminishing , HR managers are facing problem in retaining their knowledgeable resource .

Key Words: Talent Management, STP, Recent Trends, Retention.

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Introduction

“People are NOT an organization’s most important asset.

The RIGHT people (with the right values, attitudes, culture and skills) are the most important asset.” – Jim Collins (“Good To Great”)

Today, in this constantly changing environment, global competition, the natures of work companies have realized the importance of talent in the success of organization. Now-days the competitive advantage of most companies on global market lies in the ability to create a profit driven not only by cost efficiency, but by the ideas and intellectual know-how. The networked and knowledge-based environment made the intangible assets like skills, relations and reputations of highest value (Bryan, Lowell L. 2007). In average across all industries, only around twenty to thirty percent of value is given to tangible assets (Cheese P., Thormas R. J, Craig E., 2008). The greatest part of a typical company’s value comes from intangibles, including unique knowledge, ideas, customers, people, time, reputation etc. The intangible assets in the organization are created by talented people, whom company needs to attract, develop and retain.

Thus talent management is —the implementation of integrated strategies or systems designed to improve processes for recruiting, developing and retaining people with the required skills and aptitude to meet current and future organizational needs (Snell, 2007). The result of taking talent management as a strategic issue is mainly performance improvements. Modern organizations are operating in an extraordinary and highly competitive business environment which is described by the globalization of business. In addition, today's universal workforce is more mobile than ever before. With a dynamically changing and unstable demand-supply equation, especially against cutthroat competition a need for putting strategies for attracting and retaining top talent becomes most essential for the company's survival and growth.

The new age economy shifts in relation to the human capital, in terms of its acquisition, utilization, development and retention, which has placed a heavy demand on today's HR profession. Today HR is expected to figure out, conceptualize, innovate, execute and sustain relevant strategies and contribute effectively towards giving the company its winning frame.

These efforts on the part of the company have resulted in distinguishing talent as priority of the company to maintain competitive edge and talent becoming a strategic priority.

Basic problems:

1. Shortage of talents: Talent management includes recruitment, development and retention of talents in the company. Today most of companies don't focus on all the components of talent management. Huge amount of investments of money, energy and time have been spending today by big multinational companies in order to attract top talents. But the issues of development of the personnel within the company as well as retention are put aside, leading to higher turn-over and less effective performance. The issues of development and retention are getting even more important in case of Indian environment, where the gap of skilled and qualified talents takes place. The main problem of modern organizations is their lack of attention to the development and retention of current employees.

2. Motivation of employees: With deep involvement in international economy, the Indian traditional managerial styles are partly influenced by Western systems, but working motivation is still based on Indian cultural model. Today, many employees are taking advantage of the opportunities a tight labor market has to offer, showing little loyalty to employers who do not provide them the opportunities they want or need.

Talent Management

"Talent Management implies recognizing person's inherent skills, traits, and personality offering him a matching job."

Mckinsey and company consultants Ed Michaels, Helen Handfield Jones and Axelrod define "talent" as "the sum of a person's abilities- his or her intrinsic gifts, skills, knowledge, experience, intelligence judgement, attitude, character and drive. It also includes his or her ability to learn and grow. (The War for Talent [Ed Michaels, Helen Handfield-Jones, Beth Axelrod], 1997)

Though there is no magical formula to manage talent, the trick is to locate it and encourage it. Talent management is beneficial to both the organization and the employees.



Fundamentals of Talent Management

1. Talent management is (3R) the activity of recognize, reward, and retain available potential in people.
2. It means developing those people who have ability and potential to become part of any organization's recruitment and retention strategy.
3. It involves individual and organization development with respect to a changing and complex operating environment.
4. It includes the creation and maintenance of supportive people oriented organizational culture.
5. Talent management is a core purposeful approach undertaken to attract, develop, retain and guide people with the talent and abilities to meet current and future organizational needs.
6. Talent management brings together a number of important human resources and management initiatives.

Organizations that, formally decide to manage their talent carry out a strategic analysis of their current HR practices.

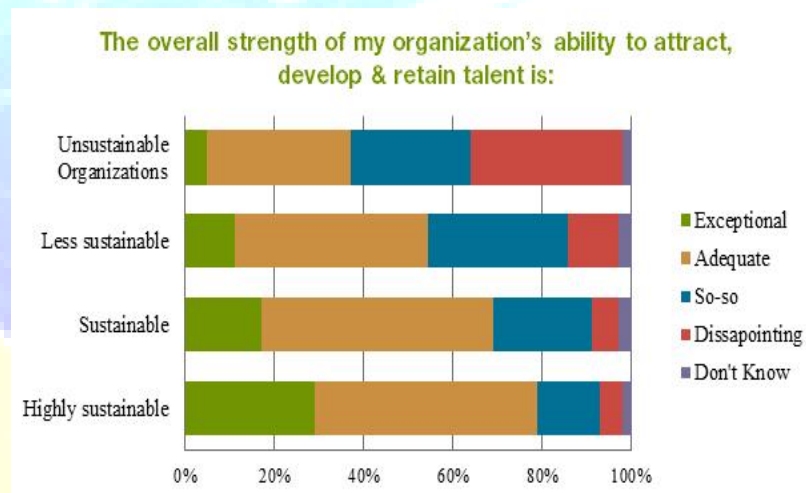
Talent management approach is adopted and focused on the following

1. **Recruitment:** ensuring right people are attracted to the organization.
2. **Retention:** developing and implementing practices that reward and support employees.

3. **Employee development:** ensuring continuous formal and informal learning and development.

Recent trends in talent management

Attracting talent: Attracting qualified talent is the critical first step in the talent management cycle. As we know that we get good customers with a good brand. In the same way companies must develop their image in the society by implementing the best practices in each and every aspect. Employer branding therefore helps a company attract, recruit, and retain employees it is becoming ever more important in attracting and retaining star performers in a talent-tight market. Employer branding is not different from branding a product or service and the payoff are identical.



Selecting Talent: An effective retention strategy begins at the prior stages of the recruitment & selection process. The researches indicate that most of the people leave organizations due to the mistakes made during the hiring phase. For this reason some smart companies are adopting the strategy of "hire for attitude & train for skill." They have realized that it is easier to develop the skills & capabilities that an employee needs than to attempt to change the employee's personality or mindset.

For example, although Infosys receives about twice the number of application as its competitors it is very selective in recruiting employees. In the year 2004-2005, it received close to one million resumes which went through rigorous selection process and offers were made to about

1.5% of the applicants. Infosys looks at candidates who display a high degree of "learn-ability". The company looks for candidates with good analytical ability, team work and leadership potential besides innovation skills and structured approach for problem solving.

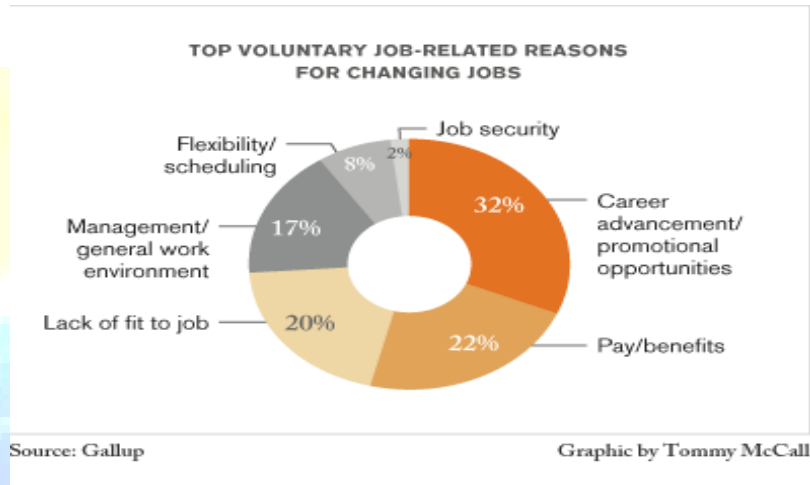
Some companies go to even extraordinary lengths before hiring somebody. According to a study, Hewitt, a leading Indian company, was selecting a senior marketing manager after the candidate had gone through several rounds of interviews. The company had identified the person they thought was the right one for the job and was on the verge of making an offer. The HR head took him out for dinner and, during the meal, the Prospective marketing manager was particularly rude to a waiter in front of his potential employer and peer. The company reversed its decision to recruit him. If he could be rude to the waiter in such a setting, how would his behavior reflect the company image and culture if he were in-charge of marketing?

Besides getting the right people in the door, recruiting has an important symbolic aspect. When a prospective employee undergoes rigorous selection process, the person feels that he or she is joining the best organization. This creates high expectations and gives an impression that people matter the most to the organization.

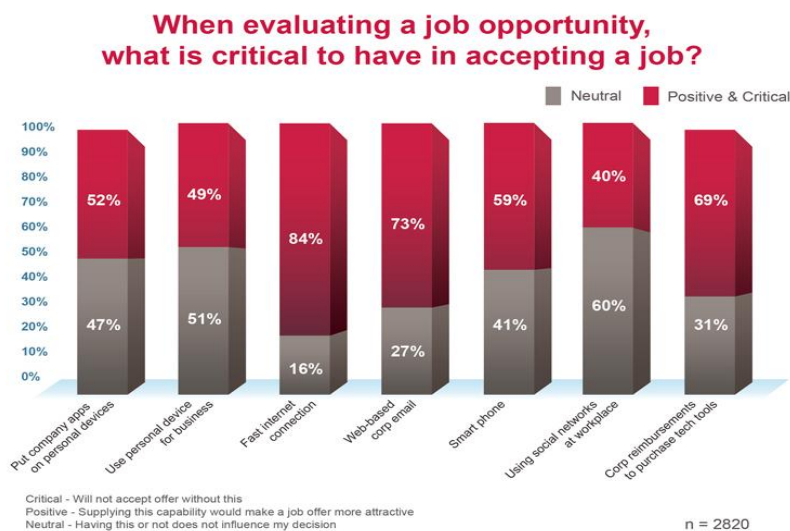
Retaining Talent: There is no refusal to the fact that in today's fast pace and knowledge boom, one of the most important factors for today's organization is talent. It's viewed that the availability of suitable and competent talent inside any organization determines the excellence of the same.

Most companies today would accept that their human resources are most important asset. But since companies can't own employees the way they own factories or product your success or failure points on the quality and duration of the relationship you form with your people. In present scenario people choose companies which have friendly atmosphere and prefer change if they don't get desirable, as it may hamper the growth and success of the company. Hence retention is essential than recruitment. Thus it is an organization's ability not only to recruit, but also to cultivate and retain, talent that will ultimately determine its long life.

Two major trends, point to the growing importance of employee retention as an important HR issue. One is the constant rise in turnover in virtually every economic sector and left unaddressed it can have an adverse impact on organizational effectiveness. The other is the ever raising cost of turnover, especially when it involves high performers.



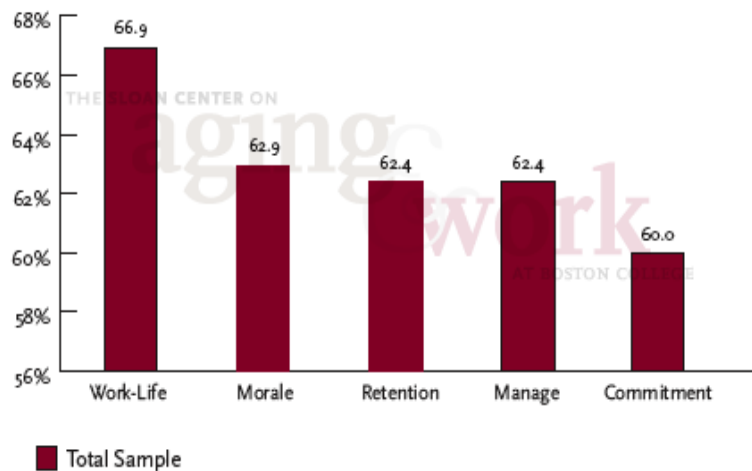
Cost of Employee Turnover: Turnover is important because it costs the organization money in direct expenses to recruit and train new employees and indirect expenses to pay overtime for remaining workers, when necessary and in opportunity cost of lost production.



Strategies for Retaining Talent

Today talented professionals are increasingly mobile, have highly transferable skills, are internet literate, well informed and above all, sought after. Organizations are constantly struggling to keep sustained competitive advantage in the knowledge economy employees. One of the strategies is shown in fig.3.

Figure 3: Top Motivators to Offering Flexible Work Options

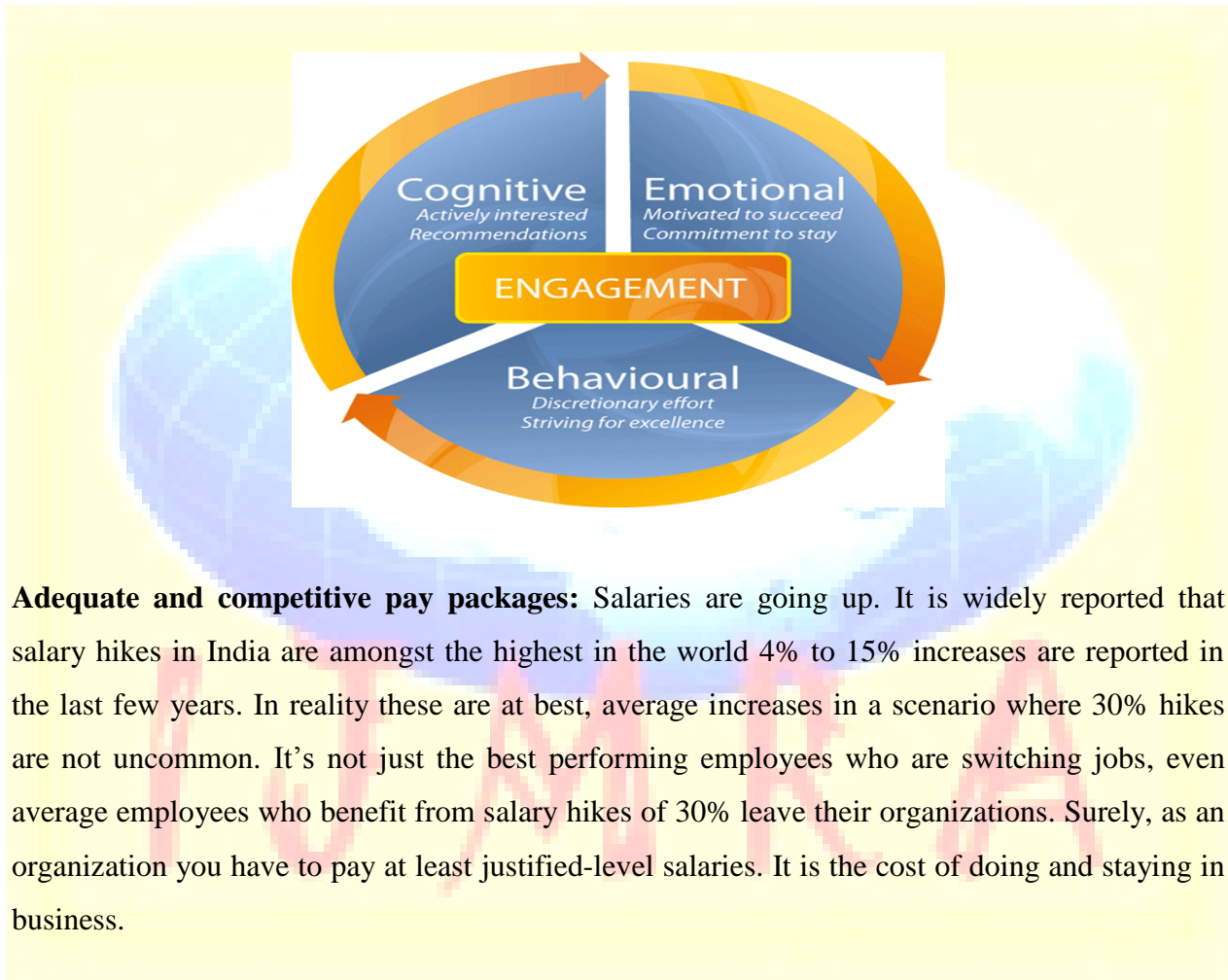


Retention to be expected: Retention of talent is fundamentally talent stability. We must manage our human assets with the same strictness we devote to our financial assets. Therefore it is crucial for every organization to retain talented people by developing appropriate talent retention strategy.

The key talent retention strategy will be applying 20:80 rule, according to this, the organization must identify the top 20% star performers who contribute to 80% growth of the organization. Retaining star employees is a continuous struggle, because top performers will always be in demand. Quitting by high performers constitutes "dysfunctional turnover" that can cause a large threat to business success. That's why it is truly said "if you don't embrace your stars, someone else will."

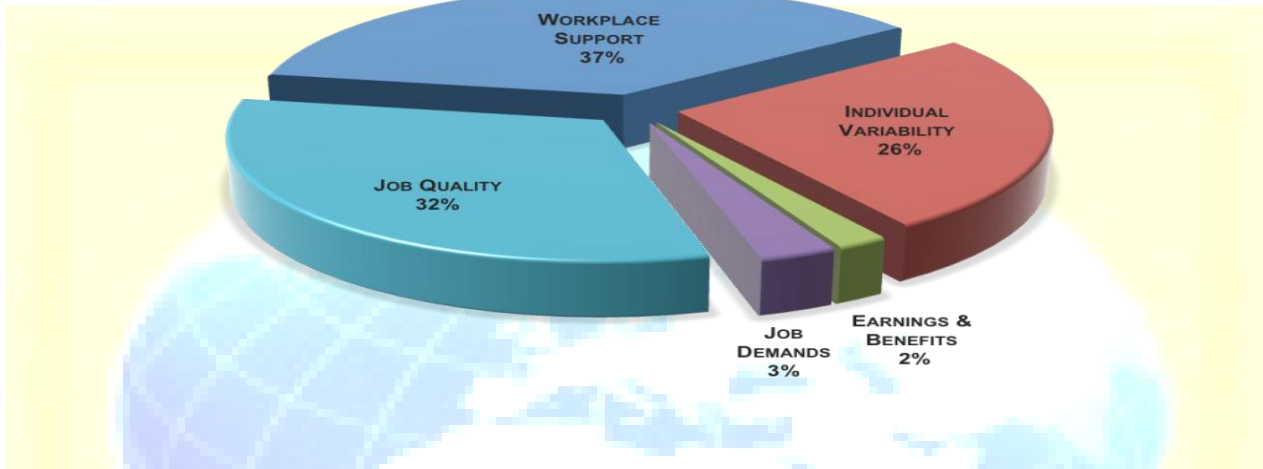
Let them be acquainted with their retention: Many organizations have intentionally not told talented people that they were special in many ways for fear of disaffecting from the average performers, but this practice makes it difficult to retain top performers. To retain top talent in the future, management will need to clearly identify, develop, involve and recognize key people.

Employee engagement: The best way to retain is to provide work motivation. Challenge, job satisfaction, treating the employee with importance, being predictable with systems and practices that are bunch twisted or changed to accommodate any individual at any time may help retention. When employees are adequately engaged and adequate social and financial security is provided retention goes up on its own.



Work-life balance: Work-life balance has important consequences for employee attitudes towards their organizations as well as for the lives of employees. The educated Indian workforce is suddenly discovering that heavy pay cheques come at a price- long working hours, stress stiff targets and intense competition and 'Zero personal life'. Employers should realize their role in helping their employees knock a balance in their lives, before they burn out.

In an attempt to help its employees tide over this problem, IBM India has appointed a person to specifically look into work-life management issues. It has introduced work-life balance initiatives like parenting workshops, an in-home care project, and a daycare center and access to a work-life essentials web site that offers work-life balance tips.



Providing recognition, reward & rejoice: It is critical to understand what drives key talents. The major reasons talented people leave organization are lack of involvement and poor management. Providing recognition helps to keep hold of key talent and also yields great feedback and generate ideas for talent retention. Every individual is delighted with recognition and reward amongst masses. These days few companies are working on fun filled trips for their employees to maintain their interest and refreshing them. Companies are creating the positions of CFO i.e. Chief Fun Officer for arranging these fun filled activities.

Career Counselors in the office: In the information economy Career Counselors are a new retention tool. It has become habitual for the IT, BPO and other Service industries to have career counselors for guiding junior staff in particular. This helps to motivate them. Some firms have trained counselors, but many other prefer senior officials to act as career counselors for their juniors. The role of career counselors is to work independently to find people for the right role for the organization and this finally turns out to be a good retention tool. Companies think that mentors can guide and motivate staff and somewhere counselors are now-a day working as

mentors. A career counselor helps employees on the professional and personal front and finds a work-life balance.

Take a NAP: Motivated by the saying “After lunch sleep a while, after dinner walk a mile”. Some companies have developed a new concept to relax their employees on the job by providing napping facility in office after lunch. Peaceful and soothing atmosphere is provided during this time to relax their mental cobwebs.

Internal job posting: This is one of the latest retention tool adopted by various companies to retain talent. This implies that if someone wants to leave for changing the role, he can switch within the company for similar role. For instance a salesperson wants to come in HR or Operations can switch within the company at similar ranks.

Assisting in Day-to-day home related works: Companies have initiated a new concept of hiring an individual at company pay rolls to cater to the need of their employees’ home related work. This is a very good initiative to avoid wastage of precious Man-hours and relaxing employees to focus on their area of expertise. Companies keep a person on their rolls to generate faith of employees. This person bank their cheques, deposit fees of their children in school, book cinema tickets and restaurant for them.

Conclusion: We are living in a very unpredictable environment. It poses a challenge before HR Managers, they need to be very inventive so that new retention tools could be adopted. Today when companies recruit people they often focus attracting precisely those people who will be the most difficult to retain. Though attrition can not be completely eliminated but it can be reduced to drastic level by being innovative. They have to develop new ideas to touch the emotions of their employees and make them loyal towards their organizations. Companies are concerned in designing strategies such as napping, internal job posting, flexi-time which are being more successful.

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