

TALENT MANAGEMENT PRACTICES IN IT AND ITES SECTOR: A STUDY

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ABSTRACT

Talent is the primary drivers of any successful organization. Talent management is an effective tool which majorly focuses on two important aspects they are talent acquisition and talent retention. Talent management becomes an essential practice of modern business organizations to achieve competitive advantage. In the present competitive and turbulent business environment Talent Management became one of the crucial challenges for the business organizations. Talent retention is vital for the organizations to achieve competitive advantage. The present research study emphasizes on talent management practices in IT and ITES sector and its impact on talent retention. The required data has been collected through the well structured questionnaire from the employees of select IT and ITES companies. The results of the research study found that there is a positive association is existed between the talent management practices and talent retention. Hence it is advised that the management of IT and ITES companies have to focus more and more on talent management practices in order to retain the top talent. Talent management practices such as competitive compensation system, work life balance, performance management system, enhanced career development opportunities and impartial treatment are essential for the workforce to continue their services for a long period of time. Hence it is advised that the top level management has to frequently update their talent management practices to suit to the ever changing needs of the human capital.

Keywords: *Talent Management, IT and ITES Sector, Talent Retention, Compensation System.*

Introduction

The effectiveness of the firm is influenced by several resources, which includes man, Money, Machine and Material. Among these resources, the most valuable resource is man that is human resources (Kehinde, 2012)¹. Over years people working in business organizations possess different values, People were once referred to as factor of production, they were called human resources of the business organizations. Today more value has been accorded to them as they are regarded as talent working within the firm (Kehinde. 2012).

Talent management involves keeping the right person in the right jobs (Devine, 2008)². This ensures that the employee of the organization maximizes their talent for success of the organization. As talent management is certainly innovative area for various organizations, Most of the organizations have emphasized it to ensure they acquire the right employees. This is due to the management has linked to successful implementation of recruitment, Retention and development of employees (Baheshtiffar, 2011)³. The significance of talent management can be traced to around the earlier days of the year 2000. This is the period where majority of the employers confronted a 'war for talents' characterized by

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¹ Kehinde, J. (2012). "Talent Management Effect on Organization Performances. " *Journal of Management Research*, 4(2), 76-88.

² Devine, M. & Marcus, P. (2008). Talent Management in Public Sector. " *The Ashridge Journal*, 5(2), 1-6.

³ Baheshtiffar, M. (2011). "Role of Career Competencies in Organization". *European Journal of Economics Finance and Administrative Sciences*, 42(1), 201-221.

challenges in recruitment of employees due to stiff labour market (Hartmann et al., 2010)¹. Since then, the field of talent management has increased in importance and has gained attention in business practices. It has been viewed to be “more critical than ever to organizational strategic success” and “claimed top priority for organizations across countries” (Hartmann et al., 2010).

Talent management comprises of practices put in place to ensure attraction, Retention and development of talent (Dannunzio-Green, N. 2008)². Talent management is essential because organizations are able to successfully attract and maintain necessary talent. Moreover, Talent recognition and development helps organizations to identify employees who are capable of playing managerial roles in future. This approach focuses on nurturing talent pools that have massive managerial capabilities (Baheshtiffar, 2011).

Global Perspective of Talent Management

Managing talent is a big challenge to all organizations in the context of competitive globalized business world (Gardner, 2002)³. Moreover, the concern with respect to scarcity of talent is almost universal. Organizations around the world are competing for the extremely talented employees. This is considered as a global labour market for talent. Global integration trend depicts talent acquisition, Development and management, to ensure competitive position and consistency. Therefore organizations have to adapt global best practices and at the same time adapt the local requirements and local labour market (Stahl et al., 2007)⁴.

The war for talent is not just confined to giving employees monetary benefits and materialistic rewards, it is something beyond like developing strategies and approaches that will ensure talented employees, who are willing to learn, stand and contribute. Williams (2000)⁵ noted that in the war for talent, there are winners and losers, like in business there is success and failure”. Therefore, an organization with effective talent management practices has more possibilities to win the war for talent (William, 2000). Hence talent management should be given high priority in every organization.

The scope of human resource management in recent times has enlarged. This is happened because of effective management of human resources of an organization and also attracting, Nurturing and maintain their skills and talents to construct a powerful intellectual capital for organizations to achieve their predetermined objectives. Every individual has been gifted with a natural ability is referred to as a talent. A talent is natural gift that permits someone to do something well. It could be referred to as special skill that permits someone to do something hard without any problem.

Contemporary HRM has realized the need of Talent Management, This is possible through the employees' talent recognition and development, it increases their productivity and brings about a higher satisfaction on the job, increased motivation, high staff retention rate, There by simplifying the role of HRM.

The HR functions comprises of recruitment, selection, training and development, performance appraisal, succession planning need to be aligned with talent management practices. Talent Management practices therefore involves every practice of HRM which makes employees more productive, more efficient, more effective and more importantly all the time motivated to stay on the job. It contributes as powerful tool to retaining the employee and achievement of organizational objectives.

In recent times, Modern business organizations are majorly focussing on retaining the positive and motivated employees. High employee turnover can adversely affect company's financial position and morale. Effective Implementation of an employee retention programmes would be very effective to make sure that the productive work force remain employed while balancing and maintaining the job performance and productivity.

¹ Hartman, E., Faisal, E. & Schober. H. (2010). “Talent management of Western MNCs in China: Balancing Global Integration and Local Responsive. *Journal of World Business*, 45(2), 169-178.

² Dannunzio-Green, N. (2008). “Managing the talent management Pipeline: Towards a greater understanding of senior managers' perspectives in the hospitality and Tourism sector”. *International Journal of Hospitality Management*, 20(7), 807-820.

³ Gardner, T.M. (2002). “In the trenches at the Talent wars: Competitive Interaction for Scare Human Resources”. *Human Resource Management*, 41(2), 225-237.

⁴ Stahl et.al.,(2007). *Global Talent management: How Leading Multinationals Build and Sustain Their Talent Pipeline*. France: INSEAD Publisher.

⁵ Williams, D. (2003). “Talent Management in the New Business World: How organizations can create the future and not be consumed by it”. *Human Resource Management International Digest*, 19(6), 33-36.

In order to be successful, organizations are acquiring the right people with the required skill sets and right talent in the right job. Hence, Talent management focuses on individual employees and their skill sets and Enhances employee's potentials and abilities to move vertically within the organization. In this turbulent business environment and global competition, the companies have realized the importance of the talent management practices in the pursuit of success. Therefore, Talent management should be implemented to address the issues related to organizational performance also.

Review of Literature

There are several studies found with regard to Talent Management in general and Talent Management in IT and ITES sector. From the available research articles few of the important research papers have been considered for the study which are reviewed and discussed in the following lines.

Anandaram, Sanjay. (2007) Highlighted the importance of vision and well defined strategy on hiring for the future. The fundamental aspects with respect to human resources have been discussed and planning of new models are also discussed. The need to disband the traditional school of thoughts about organizational behaviour has been advocated and a new approach has been recommended.

Cunningham. (2007) Stated that successful implementation of talent management majorly depends up on permanent commitment on the part of all levels of people in the organization but not only on HR, if so it would not bring desirable changes in the organization.

David, G. Collings. and Kamel, Mellahi. (2009) Highlighted that, the key limitation of talent management lies with inconsistent definition and unclear conceptual boundaries. Talent management aids managers with regard to challenges of talent management.

Doris, Sims. & Matthew, Gay. (2007) Proposed steps and decisions involved in the formulation and implementation of talent management programs. Authors have clearly explained step by step instructions to initiate talent management programs from scratch and also explained how to take the existing program to next level.

Elaine, Farnadale. Hugh, Scullion. and Paul, Sparrow. (2010) Stated that emerging markets need to manage the talent new corporate HR roles are designed in such a way to address the organizational challenges. Global talent management practices are capable of resolving the major challenges of corporate HR.

Glen C. (2006). Confirmed talent management as an integral part of the talent retention and employee motivation in the business organizations.

Golden J. (2005) Concluded that talent management could be complimented with leadership management and succession planning to ensure the important talent retention in the organizations.

Hanif and Yunfei. (2013) Stated that talent management practices have positively correlated with employee motivation there after employee retention and also concluded that talent management influence the succession planning of the organization.

Hughes and Rog. (2008) Stated in his research article "A strategy for improving employee recruitment, retention and engagement within hospitality organizations" Talent management enhances commitment in human resource management. Talent management leads to achievement of competitive advantage to the company. And also confirmed that effective implementation of talent management leads to high employee attraction and enhanced employee retention.

Kehinde. (2012) Expressed that talent management has positive impact on the performance of the organization. In the context of small and medium scale firms need to improve their performance through talent management.

Khatri et al., (2010) Confirmed that the organizations need to design effective talent management strategy to effectively manage the human resources and to retain top talent and also confirmed it as the most important strategy to grow in the dynamic business world.

Khoram. and Samadi. (2013) Cited in their research paper entitled "Relationship of talent management and organizational creativity in Maskan bank of Hamedan" that talent management has remarkable impact on organizational creativity. Behavioural talent and structural talents have massive impact on organizational creativity.

Mc Donnell et al., (2011) Found in his research paper "Global talent management: exploring talent identification in the multinational enterprise" that the talent pool segmentation has become a popular means in identifying and managing talent. Multinational enterprises face number of challenges in ensuring talent management as effective system.

Pooja, Sareen. and Shikha, Mishra. (2016) Expressed in “A study of talent management and its impact on performance of organizations” that there is a partial effect of talent management on organizational performance. The profitability and growth of the organization majorly affected by effective implementation of talent management practices.

Preeti Khatri et al., (2010) Confirmed, Talent management as organizational strategy. Unfortunately, the harsh glare of the down turn has revealed the fact that the talent planning and management capabilities of several organizations are unequal with the challenges that lie ahead.

Rana and Abbasi. (2013) Emphasized on the significant impact of talent management on employee turnover. They concluded that talent management practices have significant impact on the competitive advantage of the organization.

Sheokand and Verma. (2015) Found that human resources of the organization have turned into the human capital. The talent management practices of the organizations may leads to a high performance of the organization.

Sireesha and Ganapavarapu. (2014) Concluded that talent management is all about keeping the right person for the right job at the right place and also at the right time. To achieve this the organizations need to understand the behavioural patterns of employees to receive better results.

Topper FE. (2008) Stated that succession planning as effective tool to run the organizational functions smoothly and also expressed that talent management ensures right person at the right place.

Zheng C. (2009) Described that Talent management influences the organizational performance. In his study he considered HR practices as independent variables and employee retention as dependent variables.

Research Gap

The present research study entitled “Talent Management Practices in IT and ITES Sector- A Study” has emphasized on the effect of Talent Management Practices on Talent Retention. After reviewing the available literature research gap has been identified. Which depicts that the outcomes of the previous researches with regard to impact of Talent Management practices on talent retention. Since Hyderabad is the popular destination for IT and ITES operations, there is a huge scope to investigate the impact of Talent Management Practices on employee retention.

After considering the above research gap. The current study sought to fill the gap by having a sample size of 300 respondents consisting of senior employees working in team leader level and managerial level, having a minimum of one year service at concerned IT and ITES Companies have been considered.

Statement of the Problem

It is observed that increasing dependence on talented workers has put huge pressure on organizations to improve their talent management processes. Retaining the talented employees has become endemic to global businesses. It is a big challenge for the IT and ITES companies to retain the top talent despite massive competition among the companies prevailing in same sector. Majority of the organizations are facing challenges with regard to high employee turnover, which are adversely affecting the financial position of the organizations and goodwill at large. Hence Talent Management practices become critical for the modern business organizations. It is also a fact that proper talent management practices leads to improved employee retention that in turn enhances the organizational success.

Need for the Study

The study findings can help the select IT and ITES companies in evaluating the importance of talent management practices on Talent Retention. The select IT and ITES companies will also learn from this study and understand the effectiveness of various talent management practices on talent retention which will help them to improve on their organizational performance.

Objectives of the Study

The objectives of the study are as follows:

- To study the importance of talent management practices in select IT and ITES companies.
- To examine the impact of talent management practices on talent retention.
- To offer pertinent suggestions based on the study.

Hypotheses of the Study

- H₀:** There is no significant association is existed between the talent management practices and employee retention in IT and ITES sector.
- H₁:** There is a significant association is existed between the talent management practices and employee retention in IT and ITES sector.

Scope of the Study

The study sought to determine the effect of talent management practices on Talent retention. As per the research study Talent management practices are taken as the independent variables and impact of talent management on talent retention considered as dependent variables. The sample size consisted of 300 which include the employees working in team leader level and managerial level of select IT and ITES organization.

Research Methodology

The present research study has been relied upon primary and secondary sources of data.

- **Primary Data**

The primary data has been collected by using well structured questionnaire. The structured questionnaire has collected the required primary data from the respondents of select IT and ITES companies such as Infosys, Accenture, Cognizant and Genpact.

- **Secondary Data**

Secondary data has been collected from the published and authenticated materials such as magazines, journals, newspapers, internet and books.

- **Data Analytical Tools and Techniques**

The data collected has been classified, tabulated by using one way table and graphically presented. To test the reliability cronbach’s alpha test has been implemented. The statistical tools like averages, percentage, standard deviation, and variance are used to analyze the data. Further to test the hypotheses the statistical tests viz. Correlation and Regression test with the help of SPSS and MS Excel and the Likert scale technique are also used.

Data Analysis and Interpretation

- **Cronbach’s Alpha Reliability Test**

Cronbach’s alpha is the popularly used measure of reliability. In order to ensure consistent results in the study, chronbach’s alpha reliability testing instrument has been implemented. The instrument indicated as a number “0” to “1”. As per George and Mallery (2003) the internal consistency is higher when it is closer to chron bach’s alpha coefficient to 1. According to chronbach alpha reliability test the alpha of 0.7 as minimum.

Table 1

Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	No. of Items
.828	.832	23

Source: Primary data

It is essential to test against reliability analysis to ensure all variables tested are reliable. All the variables are tested though the cronbach’s alpha test for its reliability. According to Hair et al. (2003) an alpha of 0.7 is the minimum criteria for elements of research instrument to be acceptable.

From the analysis it is found that the cronbach’s alpha for all the variables are above 0.7 which means all the variables are accepted for this study.

- **Pearson Correlation Analysis**

Pearson correlation is the famous method for expressing the relationship between the quantitative variables. In the present study, Pearson’s correlation analysis has been implemented to measure the association between the variables like talent management practices and employee retention.

Under this method the value ranges from “+1” to “-1”. Value of “0” shows that there is no relationship existed between the variables. On the other hand, a value more than “0” indicates positive correlation and less than “0” indicates negative relationship.

Table 2

		Talent Management	Employee Retention
Talent management Practices	Pearson correlation	.051	
	sig.(2-tailed)	.400	
	N	279	
Employee retention	Pearson correlation	.051	1
	sig.(2-tailed)	.400	
	N	279	

Source: Primary data

*. Correlation is Significant at 0.05 Level (2-Tailed)

**.. Correlation is Significant at The 0.01 (2-Tailed)

Table No.2 clearly depicts the result of the Pearson correlation coefficient analysis of this study .The results of the correlation coefficient for different variables are between 0.01-0.20 this indicates that the independent variables are said to have a association with the dependent variables of the study.

• **Regression Analysis**

Regression analysis is very much useful in defining the relationship between the variables such as independent variables (X) and dependent variables (Y). Dependent variable (Y) is to be explained (Zikmund, 2003) through the regression analysis.

In the present research study, talent management practices are considered as independent variables (X) and talent retention is taken as dependent variable (Y).

Table 3

Independent Variable	Unstandardized Coefficients (B)	Standardized Coefficient (Beta)	T-Stat	P-Value	VIF
Constant	2.613		3.312	0.001	
Talent management	0.282	0.134	2.366	0.019	1.020
R				0.371	
R2				0.138	
Adjusted r2				0.125	
f-test				10.961	
sign				0.000	

Source: Primary data

The results obtained shows that the path coefficient is 0.282 and p value is 0.019. The p value is higher than the 0.05. Hence alternative hypothesis (H1) was supported.

Therefore, the study concluded that there is a significant positive influence of talent management practices on employee retention. It is concurred with Eric et al., (2012) the studies found out that talent management practices have significant effect on employee retention.

“F” test results are 10.961 and the “p” value is 0.019 ($p < 0.05$) this means that the factors influencing are significantly explain the talent management and employee retention in IT and ITES sector. Therefore we have to reject the null hypothesis and accept the alternative hypothesis.

In other words it has enough evidence to conclude that the factors influencing will significantly explain employee retention.

Summary of Findings

The major findings of the research study have highlighted below.

From the analysis it is found that there is a significant association is existed between the talent management practices and talent retention in IT and ITES sector. As far as Correlation analysis is concerned; it is evidential with higher P value which is higher than the table value. The regression analysis is also confirmed the same with having higher P value that is 0.19 which is higher than the table value. These findings have revealed that talent management practices are the most important factors which have a positive impact on crucial talent retention. This can be achieved through proper implementation of talent management practices.

Conclusion

Talent is the primary drivers of any successful organization. Talent management is an effective tool which majorly focuses on two important aspects they are talent acquisition and talent retention. Talent management becomes an essential practice of modern business organizations to achieve competitive advantage. In the present competitive and turbulent business environment Talent retention become one of the crucial challenges for the business organizations. Talent retention is vital for the organizations to achieve competitive advantage. The present research study emphasizes on talent management practices in IT and ITES sector and its impact on talent retention. The required data has been collected through the well structured questionnaire from the employees of select companies. The results of the research study found that there is a positive association is existed between the talent management practices and talent retention. Hence it is advised that the management of IT and ITES companies have to focus more and more on talent management practices in order to retain the top talent. Talent management practices such as competitive compensation system, work life balance, performance management system, enhanced career development opportunities and impartial treatment are essential for the workforce to continue their services for a long period of time. Hence it is advised that the top level management has to frequently update their talent management practices to suit to the ever changing needs of the human capital.

Recommendations

The research study entitled “Talent Management Practices in IT and ITES Sector – A study” has emphasized on the impact of talent management practices on employee retention. The study has produced certain valuable recommendations which are very imperative to the modern organizations. They are outlined below.

The fundamental purpose of Talent management is to recruit, develop and retain top talent in the modern organizations. The human resource management department always strive hard to ensure workforce with the right skills and qualities retain with the organization for a long period of time.

Talent retention is very crucial for the modern organizations to be successful. As per the study talent management plays significant role in retaining the top talent. In fact, to achieve the eternal success it is obvious on the part of the organizations to give equal importance to both activities such as formulation and implementation of talent management practices.

Talent management practices such as competitive compensation system, work life balance, performance management system, enhanced career development opportunities and impartial treatment are essential for any workforce to continue their services for a long period of time. Hence the top level management of the organizations have to frequently examine the performance of various talent management practices which are in function.

In the context of competitive environment organizations need to understand the satisfaction level of employees towards different talent management practices, according to the satisfaction level management has initiate necessary amendments for the effective implementation of talent management practices.

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