

Talent Management practices with reference to Talent Retention in India

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Abstract:

An organisational strategic plan defines an organisational direction and leads to an effective talent management planning. Planning of talents for the future of an organisation is not a one-time activity; it is a systematic continuous process. Talent Management includes Talent Attraction and Sourcing, Talent Development, Talent Retention and Succession Planning of an organisation. Organisational assessment brings out the gap between where the organisation is now and where it is expected to be in the future. This involves analysing the organisation's strength, weakness, opportunity and threat and prioritising the corporate vision, mission and values. Based on this, there is a requirement to put in plan and map the talent requirements of today and finding future stars is the responsibility of corporate leaders in transforming the organisation's success. This paper focuses on the Talent Management issues faced by corporates today and analysis of various possible practices to overcome the challenges for their organisational strategic transformation. This paper also suggests incorporating Talent Management in higher education courses to coach and develop and enhance the potential graduate's competencies to meet the future organizational needs.

Keywords:

Talent Management, Talent Attraction and Sourcing, Talent Development, Talent Retention, Succession Planning.

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1.0 INTRODUCTION

This research focuses on the current challenges in human capital management for today and the importance of identifying tomorrow's stars. Today's Indian business organizations consider their human capital as being a function to run their individual operations based on short term targets. The emerging need of getting a sustainable business environment is a force to move on by using Talent Management for attaining corporate vision, mission and goals. Talent Management is identifying, resourcing, developing and retaining talents in an organisation for the business sustainability. Components of Talent Management include

1. Talent attraction, 2. Talent sourcing, 3. Talent development, 4. Talent retention and 5. Succession planning.

There is no question that talent planning should be a process as critical as a company's annual budget planning cycle, and most organizations aspire to have a talent planning process that will accurately forecast workforce capabilities and needs. One key ingredient talent leaders should include in the talent planning cycle is the business review. During the business review, senior leaders should identify business goals, critical challenges and the talent and skills that will be needed to address those future business objectives. Arguably, this should be the first step in planning a firm's human capital requirements (Dave DeFilippo and Jessica Baker, 2010).

While intuitively it may make sense to start with a formal business review in order to set the stage for talent planning, few organizations have made progress executing this aspect of talent management. For example, succession planning is one result of a more robust talent planning process, and there are myriad ways to apply succession strategies across different industries. Yet, according to Marc Effron and Miriam Ort's 2010 book *One Page Talent Management: Eliminating Complexity, Adding Value*, of the 50 to 75 percent of firms that engage in talent and succession planning processes, only half have a formal process.

The need for Talent Management

Talent in an organization refers to the core employees and leaders who drive the business forward (Hansen, 2007). Talents are the high achievers who inspire others to enhance their performance. Talents are the core competencies of the organization and represent a small percentage of the employees (Berger & Berger, 2004). Most organisations are unable to attract competent talents and often fail to retain quality employees. Organisations invest huge amounts of money in training staff to refine and develop employees through experience. However the corporates of today do not have time to train incompetent employees to improve their competency. A survey by global human resource firm Towers Watson shows that 92 percent of organisations in India experience challenges in attracting talent with critical skills and over 75 percent in retaining high performing talent. Too many incompetent corporate leaders are leading businesses which eventually lead their businesses to failure. A study undertaken by Executive Development Associates in 2005 lists 'a lack of needed skills' as the number one cause of leadership shortages (Antonucci, 2005).

Business sourcing leaders micro-manage their business. The major ignorance of the leaders is how to direct their talents towards corporate goals. Many Human Resource (HR) Managers are more effective in technical or operational aspects of HR than they are in strategic aspects, even though strategic aspects have a much larger effect on the company's success (Mason Carpenter, Talya Bauer, and Berrin Erdogan, 2014).

Employee attrition is referred to as the reduction in staff for business reasons. Most companies in the world are focusing on cost reduction by controlling their manpower. This affects employees' values and morals towards their company. The Towers Watson Global Talent Management and Rewards Survey (2013) said that attrition stood at 14 percent in India, marginally higher than global 11.2 percent and Asia Pacific 13.8 percent counterparts. Consequently it is important to monitor and strategise to retain the key talents in workplace.

Many international companies in India struggle to find and keep the right people for the job. High attrition rates cause unforeseen expenses and sometimes even crush the entire Indian business venture (Elena

Groznaya, 2009).

Development is about transforming the lives of people, not just transforming economies (Joseph E. Stiglitz 2006). Most organizations today narrow down their focus to the companies' development only, and ignore focus on developing people. The following framework designed to integrate business transformation and talent management in organizations.

Employee engagement is a workplace approach intended to ensure that employees are committed to their organisation's vision, mission, goals and values, motivated to contribute to organisational success, and at the same time, they are also able to enhance their own well-being. From the following figure, India has the highest employee disengagement, which also means that to self development.

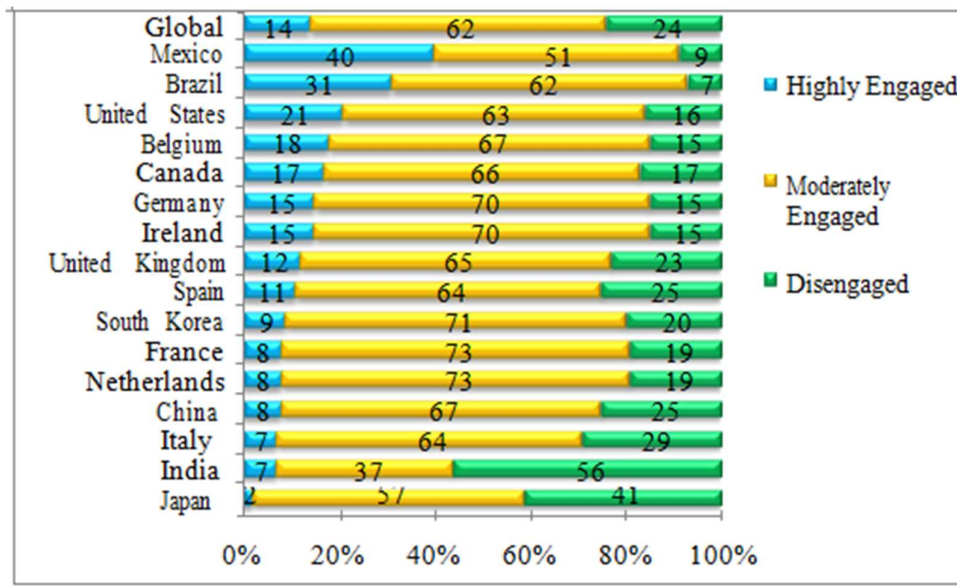


Figure 1 Source: Towers Perrin Global Workforce Study, 2006

The figure 1 shows the Towers Perrin Global workforce study 2006 results, was based on a sample of 86000 employees from 16 countries and covered all categories of employees— shop floor, supervisory, middle and senior management. It was found India was the highest in employee disengagement with 56% among the 16 countries; Mexico had the high employee engagement with 40% and with a moderation of 51% respectively.

Talent Management strategy and business strategy alignment is incumbent requirement for business sustainability and growth. Talent attraction and development towards business needs are required to attain corporate vision, mission and goals. Figure 2

framework shows that the independent variables which are Talent Attraction, Talent Sourcing, Talent Development, Talent Retention and Succession Planning against the dependant variable Business Transformation (Achieving Corporate Vision, Mission and Strategies). This paper is based on various secondary sources of information which include journals, news releases, expert views, books and research papers.

Talent Attraction and Sourcing

Talent attraction drivers by employers and employees are largely the same, but are different in their priorities. Job security ranks higher among employees' key attractions to join a company and an organisation's mission, vision and values have the lowest influence or even have no influence on employee's choice of a company. Global workforce study (2014) confirmed that 41 percent of the employees choose a job based on job security offer and practices by the organisations. Talent Attraction and Sourcing are used to attract new talents to organizations based on employer-employee expectations. Getting the right talented employee is a difficult task as it requires talent attraction and also due to the scarcity of right talent in the

marketplace. Talent attraction should be developed with intrinsic values being offered to new employees and how these employees are going to be satisfied by meeting their expectations. This increases talent retention. Talent Retention consists of keeping the Talents motivated in their work. Referring to Maslow's needs hierarchy, monetary reward is the basic level of satisfaction for human beings. Once this is attained, the employees should strive continuously to achieve their next level of expectations such as safety in the long run, societal status improvement, and self-actualization.

Another source of talent attraction is for the organisation to become the 'employer of choice'. How a company is going to attract talent will be based on their employee values, the range of offers with the range of opportunities, together with career development plans. To fulfill the committed agreements with incumbent talents is essential to create talent retention.

The key areas organizations should prepare prior talent planning are: Competitive pay, work and life balance, career advancement opportunities, competitive benefits, challenging work, salary increases linked to individual performance, learning and development opportunities, competitive retirements benefits, caliber of coworkers and reputation of the organization or the employer brand are the major factors from various research findings (Summar, 2006). Planning and development of HR policies and practices enables the talent sourcing and management plan to be achieved. Armstrong (2001) identifies the key advantages of a more flexible approach to human resource planning as the anticipation of problems of shortage or surplus, the development of a flexible workforce able to adjust to uncertainty and change, less reliance on external recruitment and improvements in the utilisation of labour through increased flexibility.

Talent Development

Talent Development is a process of creating individualized and formal development process. Personalized on the job training towards directing employees to achieve common organizational goal is incumbent which brings out better employee engagement and productivity. Most organizations today are not engaging personalised training and coaching thoughts to attain higher level of talent development. Global Talent Management and rewards study 2014 found that only 33 percent of employers said managers are effective at conducting career development thoughts as part of the performance management process. Most organizations do not know if their career management programs are working; a very low 27 percent say their organizations monitor the effectiveness of these programs.

It is also found that more than 70 percent of successful talent development programmes are through on-the-job training. The remaining 30 percent are through training and development programmes which include structured group training and outdoor training activities (cf. Leaderonomics 2014). The major role of Talent Management is to coach and mentor talents continuously on their job, working together to attain organizational transformation Learning and training structure is required for organisations in order for them to standardise their training and development activities in order to integrate their corporate goals. Bloom's Taxonomy is one of the proven models to train and develop current and future human capital in the higher education environment. Organisations also could consider this model for their talent development activities. Bloom's Taxonomy was formed to promote higher forms of thinking in the student's learning and development, such as analysing and evaluating concepts, processes, procedures, and principles, rather than just remembering facts. Bloom's original cognitive taxonomy mentioned three levels of knowledge that could be processed, namely factual, conceptual and procedural. Factual is to make the learners familiar with the basic elements of a discipline or problem. Conceptual is to make the learners recognise the interrelationships among the basic elements in a larger structure that enable them to function together. Procedural is to find the algorithms, techniques and methods to do a task to attain required results. Lorin Anderson's revised Bloom's version of Bloom's taxonomy combines the cognitive processes with the above three levels of knowledge to form a matrix. In addition they added another level of knowledge,

Metacognition. Metacognition is the knowledge of cognition in general, as well as awareness and knowledge of one's own knowledge and the ability to understand, control, and manipulate their own cognitive processes. Blooms taxonomy of cognitive learning and teaching approach facilitates the levels of education engagement in learning and teaching environment. Bloom's Taxonomy in its various forms represents the process of learning. It was developed in 1956 by Benjamin Bloom and modified during the 1990's by a new group of cognitive psychologists, led by Lorin Anderson (a former student of Bloom's) to make it relevant to the 21st century. The revised taxonomy emphasizes what a learner "CAN DO" so the stages are now represented as verbs such as remember, understand, apply, analyse, evaluate and create. Mumford (1986) says that it is essential that an effective manager be a person who has learned to learn.

Corporate senior executives should personally be involved in leadership development and to create a culture of leadership they expect for their company. It also holds them responsible and accountable for creating a high performance work environment.

Talent Retention

Talent Retention has to overcome talent turnover issues, to retain the best talents, to have proper talent management strategy with proper recruiting budget, job standards, positive work environment and to have in place a proper succession plan for future turnover issues. A certain level of employee turnover can have positive benefits for organisations. New employees to replace those who leave the organisation can bring new ideas, new blood, new competencies that can add value to business. However the difficulty here is to draw a deciding line as to what level employee turnover stops being a benefit to the organisations. While there is evidence (CIPD, 2009) that many organisations try to identify why people leave, there is less evidence that organisations try to find why people stay. It is easy to find the latter as when people in organisation can be surveyed regularly to see the possible factors which could successfully retain employees.

Shiv Agrawal, Managing Director of recruitment company ABC Consultants (2014) says that around 60 percent of employers are making counter-offers (at the top and mid management levels). Headhunting companies say the need to keep back-up candidates for every post has gone up by 30 percent. Until 2013, the best candidate received all the attention. But now, with counter-offers flowing, those in second and third spot of preference also have to be kept "warm", adds Agrawal of ABC Consultants.

Many organisations try to identify why people leave, there is less evidence that organisations try to find out why people stay (CIPD, 2009). Retaining talent is a challenge in today's business environment. Organisations should continuously analyse various possible factors which influence employee turnover. There is a critical requirement to find out the reasons people leave organisations. The reasons could be from internal business environment or from outside attraction. Internal factors which push employees to look for new jobs. The possible reasons which push employees to look for new employer, which includes lower level of pay, nature of management and control, limited evidence of career progression, lack of competency based training and development, lack of flexible work environment or an employer driven work environment. In the other side, external factors which pull employees are attracting work environment, choice of employee benefits and organisation values and brand name to attract employees. It is critical to gather relevant information about the reasons people leave organisations to measure employee job satisfaction.

This will help organisations to retain their talents. A survey by Hay (2002) suggests that the main driver for employees to leave an organisation is the level of job satisfaction, with those planning to leave experiencing lower satisfaction levels.

Succession Planning

Succession planning is finding the key talents within the organization. It involves finding up to 5 percent of key talents within the organization, from different areas of expertise. Training these talents is the investment

in developing high performance Talents. This includes developing talented employees by improving their competencies in leadership roles. This is a difficult task in the talent management process.

Succession planning is defined by Hirsch (2000) as a process by which one or more successors are identified for key posts (or groups of similar posts), with career moves and/or development activities planned for these successors.

R.Suresh, managing director of RGF Executive Search (2014) says that his team recently found a candidate for the post of a CEO for a Mumbai-based financial services firm after a four month search. "Our search team has 40 open positions right now and because of counter-offers what should have taken four months each to close will take nine months," adds R.Suresh of RGF Executive Search.

Succession planning is taking risk to invest on future leaders of organizations. It requires series of assessment to find the key talents in each area of expertise and to plan for their training and development. Succession training and development is to focus on future organizational expectations based on organization's future strategic plan.

Hertfordshire Country Council was identified in *Human Resource Management International Digest* (2003) as developing an award-winning work-lift balance initiative which has benefited both employers and employees and which has resulted in cash saving from, among other things, reduced recruitment costs, lower sickness absence rates and improved self-morale.

Conclusion

There is a need for organisations to evaluate their talent sources which could put them forward in their future business stand. Today's businesses see their major resource in their business development is human resource. Optimization of human resource is a continuous process. It is necessary to create a talent expectation framework to suite organisations business strategic expectations. It is also necessary for organisations to link their people strategy and business strategy. Talent gap assessments to meet business goals requirement is an incumbent process in order for organisations to attain their goals. This helps organisations to plan their training and development to minimize the gap.

This also helps organisations in India and in Asia to have better talent retention by getting the employees engaged with their job. Studies on Talent Management Integration should be incorporated into Higher Education courses. This is to coach and develop and enhance the potential graduate's competencies. This will help these graduates to be able to perform and meet future talent expectations. At the organizational level it is important to find current roles of people and skill sets needed to scale to the challenge. Organizational assessment allows charting of gap between its current stand and where it needs to be. This will involve assessing current trends, financial position and figures and facts, analyzing strengths, weaknesses, opportunities and threats, prioritizing the vision, mission and values by implementation of an effective strategy to develop talent management strategies to contribute for both organization's and nation's success.

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