

Talent Management in IT Sector

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ABSTRACT

It is important to identify the staff or employees (people and positions) that are critical to the organization. They do not necessarily have to be senior staff members. Many organizations lost a lot of "organizational knowledge" in the downsizing exercises few years ago. The impact of the loss was not immediately apparent. However, it did not take long for many companies to realize their mistake when they did not have people with the knowledge and skills to either anticipate or solve problems that arose.

The skill shortages and the ageing population are also helping organizations to focus on the talent management issue. It may not be possible to simply go out and recruit new people to meet operational needs. Many leading companies have decided to develop their own people, rather than trying to hire fully skilled workers.

Every organization should be implementing talent management principles and approaches.

The research mainly focused on 2 objectives. First is to compare the talent management process at TCS, INFOSYS and HCL. Second was to benchmark talent management practices to suit the present generation of employee. There are 3 main broad parameters attraction, retention and re-employment. The score on these three parameters were studied

Keywords: Talent management, attraction, retention and re-employment.

INTRODUCTION

TALENT

It requires talent to spot talent. In an organization, there is nothing more crucial than fitting the right employee in the right position. Talent management implies recognizing a person's inherent skills, personality and offering him a matching job. Talent attraction and retention is viewed as a significant driver of shareholder value and bottom line results.

TALENT MANAGEMENT

The creation and execution of a coordinated array of programs, processes and tools, co-owned by the line and HR, to enhance the value of human capital in the organization by sourcing, assessing, deploying, engaging, rewarding and developing talent at every phase of an individual's career. Talent management is the process of attracting, hiring, training, developing, and managing an organization's people for the purposes of maximizing organizational performance. Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort.

Talent management is beneficial to both the organization and employees. The organization benefits from – Increased productivity and capability, a better linkage between individuals' efforts and business goals, commitment of valued employees, reduced turnover , increased bench strength and better fit between people's

jobs and skills. Employees benefit from: Higher motivation and commitment, career development, increased knowledge about and contribution to company goals, sustained motivation and job satisfaction. Talent management is an evolving process, enabled by technology that integrates a set of previously independent and disconnected processes. The ability to identify, develop, manage and retain talent as an integrated and disconnected processes. The ability to identify, develop, manage and retain

talent as an integrated set of processes across the organization allow organization to drive new levels of value from its talent. This value in strategic measures such as higher productivity, increased accomplishment of business plan objectives and ultimately, increased shareholder value.

In a survey conducted by Knowledge Infusion and IHRIM, respondents ranked the top talent management initiatives as follows:

- Talent acquisition
- Leadership development
- Aligning people and goals
- Performance management
- Talent management metrics

RELEVANCE OF THE TOPIC

Many organizations lost a lot of "organizational knowledge" in the downsizing exercises of a few years ago. The impact of the loss was not immediately apparent. The skill shortages and the ageing population are also helping organizations to focus on the talent management issue. It may not be possible to simply go out and recruit new people to meet operational needs. This study tries to find the talent management practices in three IT companies and benchmark them.

LITERATURE REVIEW

HUMAN CAPITAL MANAGEMENT

Sl. No.	Article/Book/Journal/Magazine	Author(s)
1.	Human Capital Management-How Top Organizations Drive Company Profits Efficiently	Katharina Müllers-Patel, PhD

Recently HR organizations are looking towards a more value adding and strategic focus for HR rather than its traditional outlook. These organizations are aligning human resources and workforce planning functions with the overall business strategy to help increase profit margins and support long-term goals. The Americas' SAP Users' Group (ASUG) and SAP have established a Human Capital Management Benchmarking Forum to understand the changes and momentum in Human Capital Management (HCM). This study analyzes the various dimensions like staffing, cost, organizational model, IT deployment and best practices adoption. .

This study by ASUG and SAP examines the best-practices record of more than 200 companies ranging in size from less than \$ 1 billion in annual revenues to more than \$ 10 billion. This benchmarking study analyzes the HR performance of these 200 companies across 17 key sub processes in three categories: process and transactional support, expertise based business support, and strategic decision support. This study has tried to answer two key questions i.e. how can companies reduce HR costs and increase HR efficiency and how can organizations create value for the business and optimize effectiveness. This study included companies with an overall employee strength ranging from 1000 to more than 10,000 across diverse sectors like services, engineering, high tech, telecommunications etc. This study further analyzed key performance indicators (KPIs) across a number of different areas including HR Staffing, HR Costs, organizational model and Best Practices. The KPIs included for example HR costs per company employee and HR full-time equivalents (FTEs) per 1000 employees. The study also covered the level of best-practice adoption across the full range of HR functions, this study used the companies' quantitative KPI results and qualitative best-practice coverage ranking to rate them against the other participants, and categorized each company as first quartile (top performers), average and fourth quartile (bottom performers). Finally, after analyzing both qualitative and quantitative measures key findings and insights related to the drivers of top performance were inferred.

- Top performing companies looked for competitive advantage in HR by adding capabilities to increase their effectiveness of service delivery and bring HR more in line with business processes and strategies, while at the same time strived for the right balance with cost control. This study found that the best HR organizations follow three main imperatives:
- Alignment of HR closely to the business
- Outsourcing wisely and with effective control
- Leveraging IT

PERFORMANCE AND TALENT MANAGEMENT

Sl. No.	Article/Book/Journal/Magazine	Author(s)
2.	Performance and Talent Management Trend Survey 2007	BPM Forum

Organizations are struggling to find, retain, motivate, and develop their people adequately. Adding to the challenge are growing numbers of aging retiree candidates, shifting business requirements, and attractive competing job offers that keeps executives and HR professionals up at night. According to RHR International America's largest 500 companies will lose 50 percent of their senior managers in the next five years. Also, as per a recent survey conducted by Society for Human Resource Management 83 percent of the workers are likely to search for new jobs in the recent years.

SURVEY ON TRENDS, CHALLENGES, PRIORITIES AND SUCCESSES

The Business Performance Management Forum and success factors in cooperation with the Human Capital Institute conducted a survey of more than 725 performance and HR professionals in order to study the issues affecting companies in their effort to retain their talent. This Performance and Talent Management Trend Survey 2007 is a year-end audit and assessment of talent management trends and trajectories for 2007. This study benchmarked the critical issues impacting businesses in their effort to improve their performance by recruiting, engaging and retaining talent across the enterprise.

TOP LINE FINDINGS

This survey was launched in November of 2006 and included online responses from 726 HR and performance professionals primarily in North America along with perspectives from interviews of a half dozen representative corporate executives, talent management experts, and organizational performance authorities on the concerns, priorities, drivers and predictions in the talent management landscape.

- Increasing competition for talent is universal (98 percent agree out of which 65 percent agree to a very high degree)
- Talent Acquisition & Retention costs are increasing
- Need for Talent Development and Succession Planning are growing in all organizations
- Organizations with Talent Management in place are reaping benefits in the form of reduced attrition, improved goal alignment and achievement and highly engaged and performing employees.
- Veryfewcompanieshavetalentscorecardsandonly29percentcanlinktalentperformancetobusinessperformance

Respondents are of the opinion that talent management is a strategic corporate focus. Employee development, employee engagement and employee productivity are being emphasized to drive further growth, success and sustainability. Leadership Management topped the list as the kind of competency most valued among many organizations followed by Technical knowledge and People Skills. The participants polled that the upcoming talent management challenges in order of importance are Talent Development, Talent retention

and turnover, Talent Acquisition, employee engagement and Performance evaluation. Apparently, a growing and more global work environment is creating more opportunities for exiting talent while at the same time driving a need to nurture talent from within.

Finally the interviews with the experts yielded that effective on-boarding and succession planning are creating a competitive edge. They were also of the opinion that the costs for acquiring talent are rising dramatically. The challenges in finding good staff are leading to additional emphasis on internal development.

RETAINING TOP TALENT

Sl. No.	Article/Book/Journal/Magazine	Author(s)
3.	Retaining Top Talent	Rachel Remley

The high cost of turnover has arisen many companies to refine their hiring and retention policies. Managers and trainers have found many ways such as communicating job expectations, company culture and education to make sure their best employees stick around. According to Roger Weiss, chief Operating Officer for CACi in St. Louis, appreciation goes a long way in retaining critical talent. Rigorous classroom training focusing on job skills coupled with punctuality, attendance and attitude would ensure the best of the lot survive and are highly engaged. When employees are made to feel that the organization is providing an ongoing investment in their future financially and developmental wise, they feel more responsible and motivated.

Continuing education to employees keeps them motivated and their morale high. Setting prior job expectations also helps make employees aware of their roles and responsibilities and helps them inculcate the company’s culture. It is also found that employees who are confident in their understanding of company expectations and have the tools to meet those expectations will be more focused on reaching their goals. The rewards from adapting to the culture should be more stressed than the corrective action to be taken. It is also stressed that company culture should become a part of company’s DNA. Behavior has always been a challenge to measure. So, once the new hire leaves training the supervisor must monitor and coach to ensure that the employee demonstrates the correct behavior. Thus, measuring in turn will result in productivity, turnover as well as evaluations received in exit interviews. The feelings of employees are to some extent captured in the employee satisfaction surveys. Measuring success on the job is also important because a successful employee is also a satisfied employee.

However at times turnover is not a bad thing because companies experiencing little to no turnover might be too conservative in whom they hire or might be too tolerant of poor performance, attitude or skills. Also it has been identified that turnover can be attributed both to a down economy and because the industry is getting better at identifying the right people for the right job. With the high price tag associated with turnover, it’s important to get the right people for the job and keep them there as long as possible. A little more due diligence on the front end can help reduce the long term turnover cost.

TALENT MANAGEMENT

Sl. No.	Article/Book/Journal/Magazine	Author(s)
4.	Talent Management	Lance Berger, Dorothy Berger

Talent Management creates a sustainable and competitive advantage. To create a sustainable competitive advantage, organizations must first create a culture of excellence. These are basically characterized by creativity, innovation, sustainability, engagement, achievement, collaboration, diversity and ethics. The primary way to create such a culture is to implement a proactive talent management process. This should comprise of Creed, Strategy and System. The TM creed is composed of a widely publicized set of core principles, values and mutual expectations that guide behavior. The principles of the creed are embedded in both the TM strategy and system by incorporating its doctrines into selection criteria, competency definitions, performance criteria, and internal selection and development processes. The TM Strategy makes explicit the investments made on the people who are believed will best help it achieve competitive excellence. The talent management strategies for most high performing organizations include three directives. Organization should cultivate the people who will make the biggest contribution now and in the future. They should also retain the key position backups and allocate training, rewards, education, assignments and development based on the actual and potential contribution of people. Finally a TM system is required to implement the creed and strategy. The best TM systems have: assessment tools (competency assessments, performance appraisals, potential forecasts, and succession and career planning); multi-rater assessments; and diagnostic tools that identify: high-potential employees, key position backups, key positions with no back-ups, positions with surpluses. Developmental resources are allocated based on the actual and potential contribution of employees to success. Lastly Quality, Timeliness and Credibility are the three measures to monitor and fine tune any talent management system.

COMMITTED EMPLOYEES

Sl. No.	Article/Book/Journal/Magazine	Author(s)
5.	Committed Employees: Greatest Asset in Economic Downturn	Theresa Witham

During recession the companies that manage to survive and continue with their business are the ones those who hang on to their top talent by continuing to garner their loyalty every day. While it is a myth of companies to believe that employees will stick on to them in the event of a down turn and perform at their highest levels in order to save their jobs, actual data and case studies have shown otherwise. Even in the worst of times companies need to continue to keep their employees motivated and engaged. Divesting oneself from workers is not a long term sustainable solution to survive and succeed.

The most powerful strategy for long term success is to create a corporate brand that tells the top talent that their best career choice continues to be an ongoing investment of their innovation, dedication, creativity and enthusiastic contributions to the enterprise. They are the greatest competitive advantage now and will continue to do so when the market turns around. By this organizations know that they are doing everything to find them, retain them and keep them engaged regardless of what is going on in the economy. Great organizations need to have in place good strategies and tactics both in good and bad times.

Organizations should focus on cultivating leadership qualities in their people and concentrate time and money on those who have a natural talent and interest in leadership. The only way to effectively demand contribution is to show employees where their contribution adds to the big picture, where an employee’s contribution adds to the organization’s overall goals. Also organizations should have transparent financials, processes and decision making. That’s a key element for fostering teamwork, trust and camaraderie. Finally, whether change is perceived positively or negatively is often a matter of how change is communicated and experienced. The response to the change can be managed, if the reason for and benefits of the change are carefully articulated, and the expected outcome is seen in the light of these benefits.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

The objectives of the research are:

- To compare the talent management process at TCS, INFOSYS and HCL
- To benchmark talent management practices to suit the present generation of employee

RESEARCH DESIGN

In this research, descriptive research is used for collection and analysis of data. The major purpose of descriptive research is description of the state of affairs as it exists at present.

DATA COLLECTION

For the descriptive research, two sets of questionnaire were prepared. For employees, a questionnaire consisting of 22 questions was prepared to assess the objectives and for HR, questionnaire consisting 15 questions was prepared.

SCALING TECHNIQUES

A likert scale has been used. The likert Scale is an ordered, one-dimensional scale from which respondents choose one option that best aligns with their view.

SAMPLE SPACE

Samples were taken from TCS, Infosys and HCL. Total 150 questionnaires were filled from employees, 50 from each company. In TCS 43 employees were software engineers and 7 were managers. In INFOSYS, 15 were Technology Leader, 21 managers, 8 system engineers, 3 business analysts and 3 consultants. In HCL 48 were software engineers and 2 were manager. HR questionnaire were filled by 3 HR Managers, one from each company.

SAMPLE SIZE

Sample size of 150 is taken.

SAMPLING METHOD

Convenience sampling is used. The sample is selected according to convenience.

DATA ANALYSIS AND DATA INTERPRETATION

RELIABILITY TEST

RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.949	22

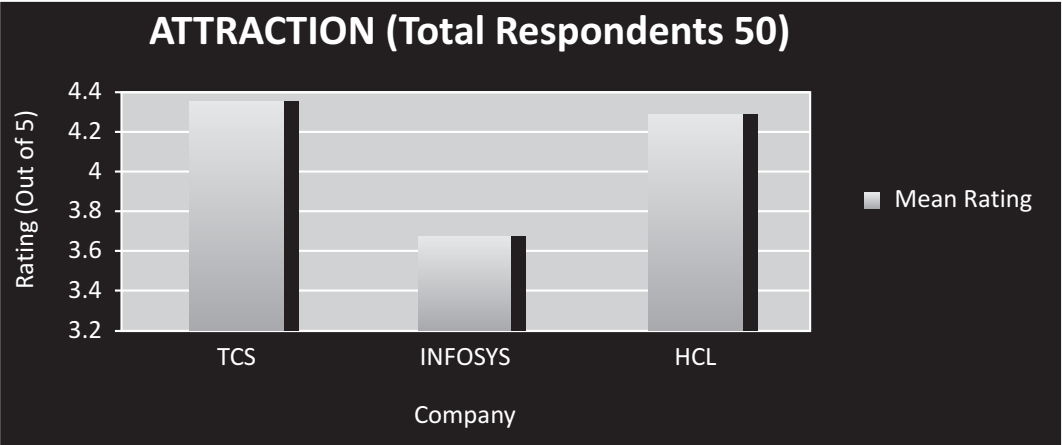
INTERPRETATION: The project is reliable.

COMPARISON OF TALENT MANAGEMENT PROCESS AT TCS, INFOSYS AND HCL

COMPANY NAME		Attraction	Retention	Reemployment
TCS	Mean	4.3467	3.8412	2.9600
	N	50	50	50
	Std. Deviation	.44140	.64441	.59625
INFOSYS	Mean	3.6667	3.3012	3.3400
	N	50	50	50
	Std. Deviation	.56344	.75627	.66578
HCL	Mean	4.2933	3.7118	2.8700
	N	50	50	50
	Std. Deviation	.45496	.60390	.56070
Total	Mean	4.1022	3.6180	3.0567
	N	150	150	150
	Std. Deviation	.57664	.70564	.63862

ATTRACTION

TCS	INFOSYS	HCL
4.3467	3.6667	4.2933

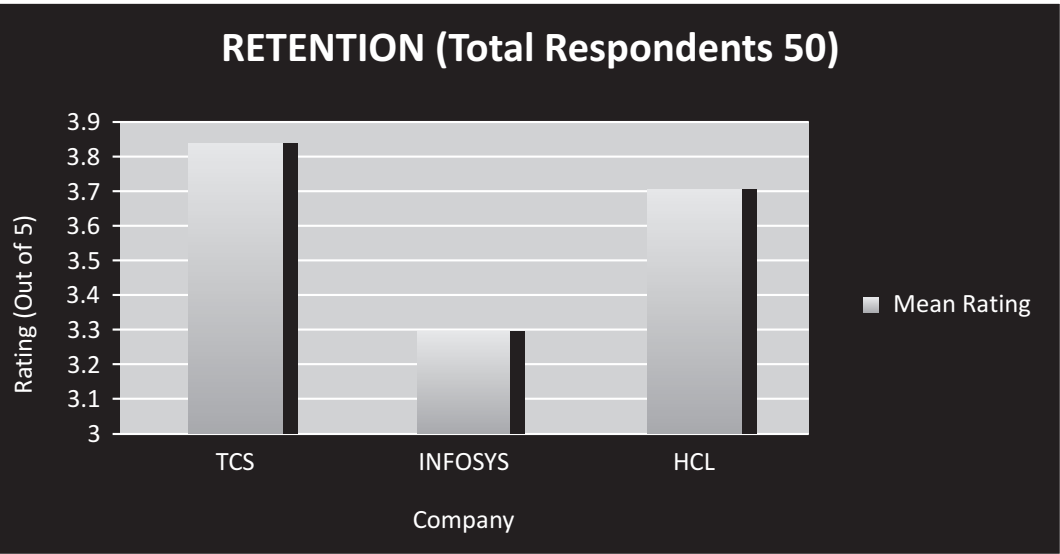


ATTRACTION

INTERPRETATION: Employees and potential employees are more attracted to be part of TCS than in INFOSYS and HCL because of company’s way of doing business and so they recommend employment at the company to a friend.

RETENTION

TCS	INFOSYS	HCL
3.8412	3.3012	3.7118

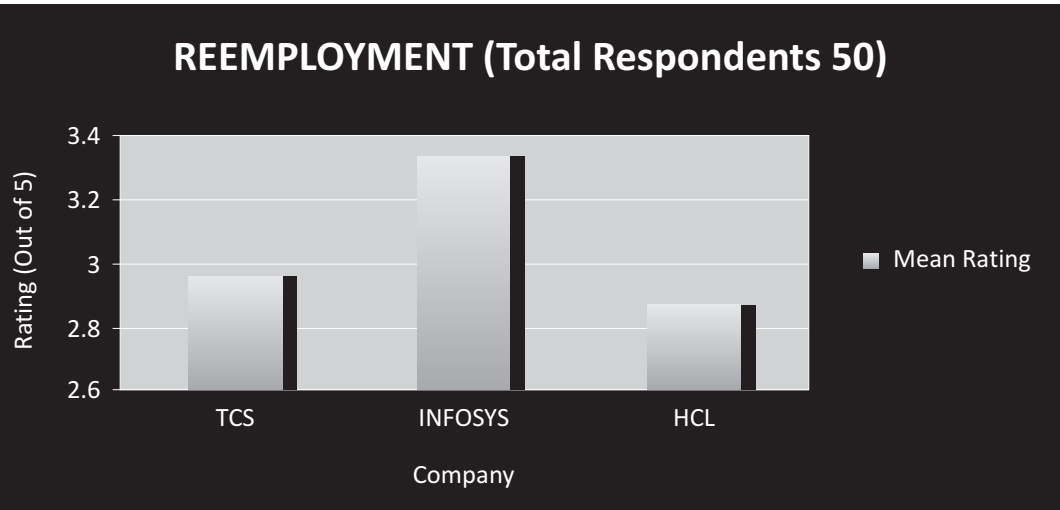


RETENTION

INTERPRETATION: TCS practices are able to retain their employees. This is possible due to better engagement practices, compensation system, succession planning, work-life balance and job rotation. The retention of INFOSYS is lowest and because of this it has highest attrition rate.

REEMPLOYMENT

TCS	INFOSYS	HCL
2.9600	3.3400	2.8700



REEMPLOYMENT

INTERPRETATION: INFOSYS is best in reemploying its ex-employees by making exit process easy and by trying to bring back to the company by giving better job profile or salary.

TALENT MANAGEMENT PRACTICES AT TCS, INFOSYS AND HCL

FACTORS	TCS	INFOSYS	HCL
methods of attraction	Employee Referrals, College Campus , Hiring & off campus, Lateral hiring	Campus from colleges, Walk ins, Lateral Hiring, Career sites	Internal(IJP) + external (Referrals + lateral hiring+ campus, off campus drives)
career development programs	Training and development	training and development, career mapping	career power system
employee performance evaluations	Continuous	Annual	Yearly appraisal (July-Jun cycle)
succession planning	Appraisal Process	forecasting demand and supply needs	Appraisal Process
FACTORS	TCS	INFOSYS	HCL
new hires in last fiscal	60,000	50,000	10000
rate of voluntary turnover	10%	17%	14%
average number of hours a new employee spends	56 hr	60hr	2hrs
average number of annual training and development hours	Depends on the requirement	Varies from employee to employee	at least 100hrs
company loose critical people	No	effectively manage our talent	try to retain by coming to common conditions
more time and money on retention program or recruitment	Recruitment	Resources are balanced	Retention

RANKING OF COMPANIES IN ATTRACTION

COVARIANCE= (STANDARD DEVIATION/MEAN)*100
COVARIANCE OF
TCS= (.44140/4.3467)*100
=10.1548
INFOSYS= (.56344/3.6667)*100
=15.366
HCL= (.45496/4.2933)*100
=10.596

As the co-variance of TCS is least it ranks 1st in attraction, HCL second and INFOSYS third.

RANKING OF COMPANIES IN RETENTION

COVARIANCE= (STANDARD DEVIATION/MEAN)*100
COVARIANCE OF
TCS= (.66390/3.8412)*100
=15.7216
INFOSYS= (.75627/3.3012)*100
=22.908
HCL= (.64441/3.7118)*100
=17.3611

As the co-variance of TCS is least it ranks 1st in retention, HCL second and INFOSYS third.

RANKING OF COMPANIES IN RE-EMPLOYMENT

COVARIANCE= (STANDARD DEVIATION/MEAN)*100
COVARIANCE OF
TCS= (.59625/2.9600)*100
=20.1435
INFOSYS= (.56670/3.3400)*100
=16.9670
HCL= (.66578/2.8700)*100
=23.197

As the co-variance of INFOSYS is least it ranks 1st in re-employment, TCS second and HCL third

FINDINGS

The study reveals that to attain a high performance organization, talent management is required and companies have started giving it attention and importance. The present study was undertaken in TCS, INFOSYS and HCL. In the study it has been found that TCS ranks first in attraction and retention. HCL ranks second in attraction and retention. INFOSYS ranks first in re-employment. INFOSYS tries to bring back its ex-employees in ways better than TCS and HCL. It has been seen that in all the companies' attraction is better than retention and reemployment. The number of employees hired per year in each company is very high. The methods used for attracting the talent in the companies are almost same. The companies are working on retention strategies. It is also seen that companies don't try hard to bring back its employees back to the companies, once they leave it.

CONCLUSION

Talent management is the process of attracting, hiring, training, developing, and managing an organization's people for the purposes of maximizing organizational performance. Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. Talent management is beneficial to both the organization and employees. The organization benefits from – Increased productivity and capability, a better linkage between individuals' efforts and business goals, commitment of valued employees, reduced turnover , increased bench strength and better fit between people's jobs and skills. Employees benefit from: Higher motivation and commitment, career development, increased knowledge about and contribution to company goals, sustained motivation and job satisfaction. Talent management is an evolving process, enabled by technology that integrates a set of previously independent and disconnected processes.

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