

# **CHAPTER: I**

## **INTRODUCTION AND DESIGN OF THE STUDY**

### **1.1 INTRODUCTION ABOUT THE STUDY**

Change is necessary not only for organization to progress forward but also essential for survival. Organizations strive to become better and better, but in order to become the best, change must occur. Change can be viewed as negative or positive and, in some cases in order to move forward, it becomes both for those involved in the process. However, for organizations to become the "best," the change must ultimately result in a positive stance. So often it is the behavior of the organization that drives the employee talent and ultimate success.

The success of any organization relies on strategy (Worley, Hitchin, & Ross, 1996). It is important for functions within an organization to collaborate and partner in order to build and implement a company's strategy. Human Resources (HR) is no exception. Organizations must change their human resources focus with their business partner strategist in order to integrate organization development principles and practices into the mainstream. This is a fundamental building block of a talent management strategy which involves both employee and organization development (McCauley & Wakefield, 2006). It begins with a focus on commitment, engagement and accountability (Ready & Conger, 2007). As organization development (OD) has evolved and connected with HR, it has focused on aligning its practices in multiple roles and directly affecting firm performance (Lawler & Worley, 2006). So many organizations have a vision or mission statement that states people are their most valuable asset. If this is true, the development and concern of employees in any organization would have the highest strategic priority and employee engagement within those organizations would be very high. Many surveys conducted by consulting firms consistently state that high employee engagement enhances organizational performance and

contributes to the bottom line (Debunking the Myths of Employee Engagement, 2006; Employee Engagement Report 2006, Gebauer, 2006).

## **1.2 EVOLUTION OF TALENT MANAGEMENT**

"Talent Management" has become one of the most important buzzwords in Corporate HR and Training today.

### **From Personnel to Strategic HR to Talent Management**

Talent Management has become so important, in the aspects of corporate HR. The different stages which cover are as follows:

#### **Stage 1: Personnel Department**

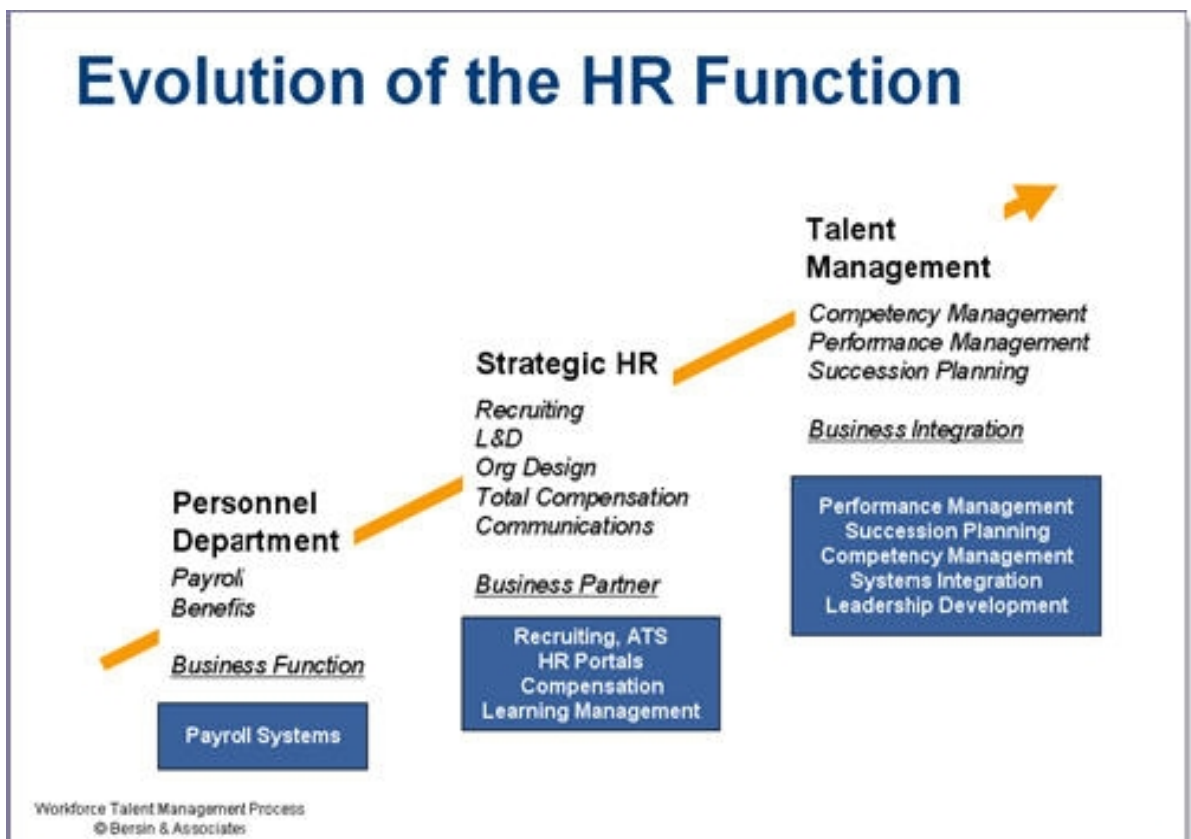
In the 1970s and 1980s the business function which was responsible for people was called "The Personnel Department." The role of this group was to hire people, pay them, and make sure they had the necessary benefits. The systems which grew up to support this function were batch payroll systems. In this role, the personnel department was a well understood business function.

#### **Stage 2: Strategic HR**

In the 1980s and 1990s organizations realized that the HR function was in fact more important - and the concepts of "Strategic HR" emerged. During this period organizations realized that the VP of HR had a much larger role: recruiting the right people, training them, helping the business design job roles and organization structures (organization design), develop "total compensation" packages which include benefits, stock options and bonuses, and serving as a central point of communication for employee health and happiness. The "Head of

Personnel" became the "VP of HR" and had a much more important role in business strategy and execution. The systems which were built up to support this new role include recruiting and applicant tracking (ATS), portals, total compensation systems, and learning management systems. In this role, the HR department now became more than a business function: it is a *business partner*, reaching out to support lines of business.

**Flowchart: 1**



Source: Performance Management 2006 – Industry study: Bersin & Associates

**Stage 3: Talent Management**

In the third stage it enters into the new era: the emergence of "Talent Management."

While strategic HR continues to be a major focus, HR (Human Resource) and L&D (Learning and Development) organizations are now focused on a new set of strategic issues:

- How can HR managers make their recruiting process more efficient and effective by using "competency based" recruiting instead of sorting through resumes, one at a time?
- How can Human Resource Management develop managers and leaders to reinforce culture, instill values, and create a sustainable "leadership pipeline?"
- How do HR Managers quickly identify competency gaps so they can deliver training, e- learning, or development programs to fill these gaps? How can they use these gaps to hire just the right people?
- How do HR Managers people in a consistent and measurable way so that everyone is aligned, held accountable, and paid fairly?
- How do HR Managers identify high performers and successors to key positions throughout the organization to make sure they have a highly flexible, responsive organization?
- How do HR Managers provide learning that is relevant, flexible, convenient, and timely?

These new, more challenging problems require new processes and systems. It requires an integration between the different HR silos -- and direct integration into line of business management processes. Today organizations are starting to buy, build, and stitch together performance management systems, succession planning systems, and competency management systems. The HR function is becoming integrated with the business in a real-time fashion.

### **1.3 CONCEPTUAL FOUNDATION OF TALENT MANAGEMENT**

The term talent management first emerged in the late 1990s and was popularized when a study completed by researchers within McKinsey and Company. The Company had revealed that Talent Management was not "best" practices that distinguished high performing companies but it was a pervasive talent management mindset (Michaels, Handfield-Jones, & Axelrod, 2001). The competitive advantage for organizations comes from having superior talent and managing it appropriately throughout the organization. It is the responsibility and job of all managers. Michaels, Handfield-Jones and Axelrod (2001) found that on average companies that did a better job of attracting, developing and retaining talented employees earned a 22 percentage point higher return to shareholders. But is talent management just a new term for an old concept? There is nothing new about companies wanting to secure the best talent ("Everybody's doing it," 2006). The East India Company, founded in 1600, used competitive examinations to recruit alpha minds. GE did it with its "people development." But something is new in the air. Managing talent has become more important to a much wider range of companies than it used to be. Talent management practices have developed and adapted through the years in response to many changes in the workplace, from the industrial revolution to globalization to outsourcing.

Talent management has taken different forms over the years and does not only look at finding the best talent but also at developing the individual. Schein (1978) examined development of the individual throughout the career cycle and developed the concept of career anchors. Career anchors evolve over time in one's personal and occupational experiences. It is defined as the area of self concept that a person would not give up if forced to make a choice.

### **1.3.1 DEFINITIONS OF TALENT MANAGEMENT**

The first area of consideration is that talent management is a collection of typical human resources department practices, functions, activities or specialist areas such as recruiting, selection, development and career and succession building (Byham, 2001; Heinen & O'Neill, 2004; Olsen, 2000). It is managing the HR function but doing it faster or across the entire organization. The term HR is essentially replaced by Talent Management (Cohn, Khurana, & Reeves, 2005; Conger & Fulmer, 2003; Garger, 1999).

A second stream defines talent management in terms of talent pools. This track is closely related to succession planning or human resource planning as it focuses on internal talent rather than external (Cheloha & Swain, 2005). Talent management is an architecture where a set of processes are designed to ensure an adequate flow of employees into jobs throughout the organization (Jackson & Schuler, 1990). Essentially, it is having the right people at the right time in the right job (Kesler, 2002). It is not unusual for many organizations to consider talent management as the recruitment process where technology can automate the procedures. If the definition is more than recruitment, it takes the employee lifecycle into consideration and includes not only attracting talent but also aligning and maintaining performance while developing talent ("A framework for talent management," 2007).

Buckingham and Vosburgh (2001) have defined talent management in terms of managing talent according to performance and as an undifferentiated good that emerges from both humanistic and demographic perceptions. This is "generic" talent management. It does not focus on just specific positions or boundaries. A critical component is to manage everyone to high performance which requires cooperation and communication of managers at all levels (McCauley & Wakefield, 2006; Redford, 2005). It is the implementation of

integrated systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people to meet current and future business needs ("SHRM HR Glossary,"). Rothwell and Poduch (2004) have further developed the notion that talent management includes succession planning which is a systematic, long term approach to meeting present and future talent needs in order to meet business objectives but also go a step further. It is not just about putting the right people in the right place at the right time but embodies any effort designed to ensure the continued effective performance of an organization or department by focusing on the development, replacement and strategic application of key people over time (Rothwell, 2000).

Rothwell and Wellins (2004) purport utilizing competency models to help plan for future talent requirements, identify work expectations, provide a common language for feedback discussion regarding performance and recruit and select new talent. These all work in concert to develop individuals and plan for the future needs of an Organization.

### **1.3.2 TALENT MANAGEMENT STRATEGY**

Talent Management is the process through which employers anticipate and meet their needs for human capital. Getting the right people with the right skills into the right jobs. A common definition of talent management is the basic people management challenge in any organization. Talent management often focuses on managerial and executive positions, but the issues apply to all jobs that are hard to fill.

Talent management is much more than simply recruiting, succession planning, training and putting people in the right jobs at the right time. While these dimensions are all included in talent management, there are other important components to consider as well which include communication, development of the

individuals, and the culture or climate of an organization. It is a strategic imperative (Ashton & Morton, 2005). When talent management becomes a core competence, it significantly improves strategy execution and operational excellence. It is a holistic approach to both HR/OD and business planning. It improves the performance and the potential of people who can impact the organization. Ashton and Morton (2005) have concluded since there is no single, consistent, concise definition, talent management must be fluid so that as the business drivers can change the talent management strategy. It involves the cooperation and communication of managers at all levels. Talent management must be more strategic, connected and broad-based than ever before in order to drive performance, deal with an increasingly rapid pace of change, and create sustainable success which aligns with the business strategy (McCauley & Wakefield, 2006).

Based on these various interpretations, it is proposed that the concept of talent management may need to take on a more holistic approach. Talent management is defined by combining many of the attributes into a "whole" model viewed in terms of a concept and strategy that:

1. Integrates human resources and systems across all departments and levels,
2. Involves the cooperation of all levels of managers from the Board of Management to the first line supervisors,
3. Facilitates by nature,
4. Aligns talent with the business strategy,
5. Proactive in terms of future growth and sustainability,
6. Develops improved processes for developing and managing talent,
7. Provides connectedness in culture among all employees and managers.



## **1.4 TALENT MANAGEMENT AND ITS RELATIONSHIP TO EMPLOYEE ENGAGEMENT**

Talent management practices and policies that demonstrate commitment to human resources result in more engaged employees and lower turnover (Washington DC: Corporate Leadership Council, 2004). Consequently, employee engagement has a substantial influence on employee productivity and talent retention. Employee engagement and talent management combined can make or break the bottom line (Lockwood, 2006). According to a study completed by the Corporate Leadership Council (2004), employees who are committed perform 20% better and are 87% less likely to resign. In addition, they found a workforce that is engaged begins with the quality, depth and authenticity of communication by both HR and senior management to employees. The role of the manager is a key component, if not one of the most important. It is the manager who enables employee commitment to the job and organization.

The process of building employee engagement is ongoing. Effective employee engagement fosters an environment of stimulation, development and learning, support, contribution and recognition (Lockwood, 2006). The author has concluded that it is the work experience and ultimately, the organizational culture that determine employee engagement and retention of talent. To sustain high-level business results in a global economy, organizations have to reinvent their approaches to talent management. Effective talent management requires strong participatory leadership, organizational buy-in and employee engagement. Companies that master talent management will be well positioned for long-term growth in workforce performance for the future.

## **1.5 A SYSTEM FOR TALENT MANAGEMENT**

The most effective way to tackle talent management is to use a system approach, ensuring that the different elements and pieces of the process are working in connect to acquire integrate talent into the system. Several issues support the need for this system.

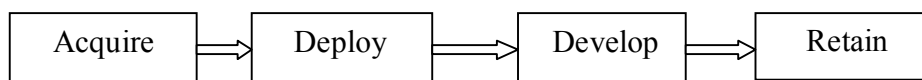
The traditional way to deal with this issue is to have the responsibility assigned to various groups that traditionally cut across functional lines. Recruiting, learning and development, reward systems, and associate relations are the traditional functional groups. Several problems may surface with this approach. First, in this traditional style, talent management is in a reactive mode – reacting to critical issues, problems, and talent shortages. There are few early signs to signal an impending problem. Also, because individuals involved are not tightly integrated, with open communication, inefficiencies abound in the processes, often creating duplications and delays throughout the system. Consequently, this is a very expensive approach to the problem; one that fails to generate the success needed, leaving void, omissions, and delays. The results can be disastrous for an organization in need of talent, attempting to grow. Most of all, the traditional approach creates confusion – not only in the roles and responsibilities, but designating who is in charge. This confusion has been minimized by a systems approach.

### **1.5.1 A SYSTEMS APPROACH**

The below Flow chart (2) shows the traditional model for a talent management process where the focus is on acquiring and retaining talent. Today, more issue must be addressed and integrated as suggested in the system approach to talent management presented in Flow Chart (3) it includes the major issues of planning, acquiring, developing, managing, and retaining employees. These are

often subdivided into responsibility areas, as outlined in the figure. Traditionally, many of these have been under different section. This is a system that must work together in close coordination and integration, ideally under the direction of a central person whose key responsibility is talent management – perhaps a chief talent officer (CTO). When in place, the benefits are tremendous from the client’s perspective. First, it presents consistent attention throughout the process. If these issues are integrated, it creates a smooth transition. Problems can be spotted quickly and adjustments made. Second, talent acquisition can be more effective, ensuring the adequate talent is recruited and integrated in the system as well as the appropriate quality and quantities are secured. Finally, there is a value add as costs are reduced when the process is more efficient and duplications are avoided. The systems approach is not only rationale and logical, but it is the economic way to address this important issue.

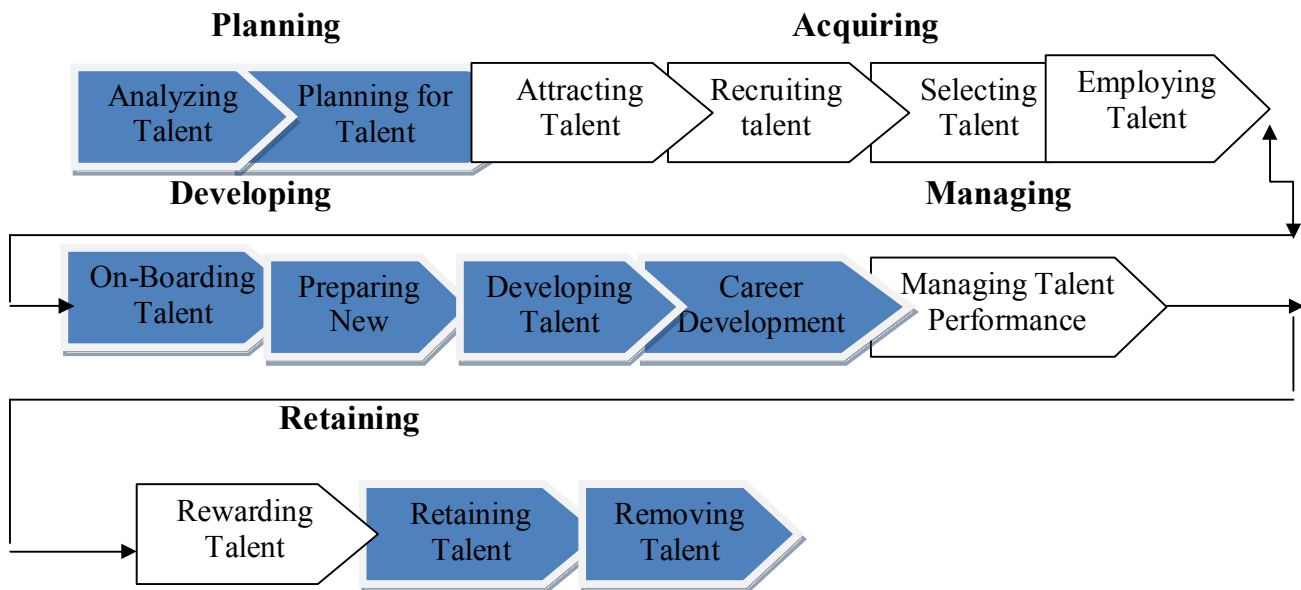
**Flow Chart:2 Traditional Talent Management Process**



**Source: Deloitte Research, 2004**

**Flowchart: 3**

**Talent Management System**



**Defining the Critical Talent**

**Source: Deloitte Research, 2004**

Before describing the mechanics of talent management, it is helpful to define the critical talent in the organization. The critical talents are the employees who drive a major part of the company’s business performance and generate above-average value for customers and shareholders. Typically, the critical talents possess highly developed skills and deep knowledge. They don’t just “do their jobs,” but go above and beyond to contribute to the organization’s success. They are in roles where they can make a difference – a big difference. Surprisingly, these are not always the high-tech or highest paid employees, but often the backbone employees who are seldom mentioned in the annual report. Take FedEx, for example, the world’s largest overnight package delivery firm. One report suggested that the couriers might be more critical to the operation than the pilots who fly the packages through the night. The couriers have direct contact with the customers and must make continual decisions that impact efficiency and the effectiveness of the supply chain such as how to reconfigure a route and how long to wait for a customer’s packages(Deloitte Research, 2004).

Critical talent can vary considerably by industry and organization. At Bristol Meyers Squibb it may include the scientists and clinicians who discover and develop pharmaceuticals that fuel the company's growth. At British petroleum they may include the geologists and petroleum engineers who find and extract oil. At Boeing, it may be the machinists who perform precision operations to develop parts for airplanes using Six Sigma standards. At Wal-Mart it may be the inventory managers who ensure that the right goods are in the right store at the right time. Recruiting wars often erupt when there's a shortage of critical talent, leading to much inefficiency, cost, and disruptions along the talent management system.

### **1.5.2 FUNCTIONS OF TALENT MANAGEMENT**

**Recognize talent:** Notice what do employees do in their free time and find out their interests. Try to discover their strengths and interests. Also, encourage them to discover their own latent talents. For instance, if an employee in the operations department convincingly explains why he thinks he's right even when he's wrong, consider moving him to sales!

**Attracting Talent:** Good companies create a strong brand identity with their customers and then deliver on that promise. Great employment brands do the same, with quantifiable and qualitative results. As a result, the right people choose to join the organization.

**Selecting Talent:** Management should implement proven talent selection systems and tools to create profiles of the right people based on the competencies of high performers. It's not simply a matter of finding the "best and the brightest," it's about creating the right fit - both for today and tomorrow.

**Retaining Talent:** In the current climate of change, it's critical to hold onto the key people. These are the people who will lead the organization to future success, and you can't afford to lose them.

The cost of replacing a valued employee is enormous. Organizations need to promote diversity and design strategies to retain people, reward high performance and provide opportunities for development.

**Managing Succession:** Effective organizations anticipate the leadership and talent requirement to succeed in the future. Leaders understand that it's critical to strengthen their talent pool through succession planning, professional development, job rotation and workforce planning. They need to identify potential talent and groom it.

**Change Organization Culture:** Ask yourself, "Why would a talented person choose to work here?" If the organization wishes to substantially strengthen its talent pool, it should be prepared to change things as fundamental as the business strategy, the organization structure, the culture and even the caliber of leaders in the organization.

As rightly managed, talent turns out to be a Gold Mine. It's inexhaustible and priceless. It will keep supplying wealth and value to the organization. Not doing detailed succession plans is not the same thing as doing no planning, of course, nor is it the same as doing no development.

- It clearly makes sense to try to predict talent demand.
- To allow for flexibility in eventual assignments, it makes sense to try to develop candidates broadly for a broad set of jobs.
- It makes sense to conduct talent reviews, assessing individuals' skills and the experiences they need next to keep advancing.
- It makes sense to do replacement planning to identify the pool of available talent as a means of updating development plans.

## **1.6 INTRODUCTION ABOUT THE IT INDUSTRY**

Information Technology (IT) industry in India is one of the fastest growing industries. Indian IT industry has built up valuable brand equity for itself in the global markets. IT industry in India comprises of software industry and information technology enabled services (ITES), which also includes business process outsourcing (BPO) industry. India is considered as a pioneer in software development and a favorite destination for IT-enabled services.

The origin of IT industry in India can be traced to 1974, when the mainframe manufacturer, Burroughs, asked its India sales agent, Tata Consultancy Services (TCS), to export programmers for installing system software for a U.S. client. The IT industry originated under unfavorable conditions. Local markets were absent and government policy toward private enterprise was hostile. The industry was begun by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas.

During that time Indian economy was state-controlled and the state remained hostile to the software industry through the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered an "industry", so that exporters were ineligible for bank finance. Government policy towards IT sector changed when Rajiv Gandhi became Prime Minister in 1984. His New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software (reduced to 60%), recognition of software exports as a "delicensed industry", i.e., henceforth eligible for bank finance and freed from license-permit raj, permission for foreign firms to set up wholly-owned, export-dedicated units and a project to set up a chain of software parks that would offer infrastructure at below-market costs. These policies laid the foundation for the development of a world-class IT industry in India.

### **1.6.1 TALENT MANAGEMENT IS ESSENTIAL FOR IT SECTOR**

Knowledge Intensive organizations are growing all over the world and there has created tremendous demand for knowledge workers. IT sectors are witnessing huge attrition rates and changing equations of demand and supply of knowledge workers which has put them great pressure. With increasing demand for talent workforce, organizations are finding it very difficult to attract talent, retain existing talent and motivate them to perform. Human capital being the greatest asset of knowledge based organizations, the war for talent acquisition and retention is on rise among knowledge intensive industries. Thus it has become more vital due to shortage of supply of talented manpower. Thus talent management has emerged an important HR function in knowledge based organizations. Among Knowledge based organizations IT sector plays an important role, where talent management is very much essential to increase the organizational and employee productivity.

### **1.6.2 AN OVERVIEW OF TALENT MANAGEMENT PRACTICES**

A successful talent management practices identifies critical jobs in the organization and finds ways to that ensure current and backup incumbents are top performers. Sometimes, people who are in critical jobs are not the best performers, and the best performers are not in critical jobs. It also focuses on identifying and developing high potentials. Talent management occurs when movement of talent happens regularly and has minimal impact on the business. If an employee's skills can be better utilized in another function, talent should be moved to those functions. Unfortunately, managers become territorial and fear shortages in their department. It is necessary to plan for these gaps and create a culture in which talent belongs to the organization, not to a specific group. When managed appropriately, there will be no serious gaps or shortages because the talent management system is so robust that it can fill the openings quite quickly.



A successful talent management system must report on the outcomes. Providing data to management about the number of employees with international experience, the number of leaders with marketing education, or the percentage of employees with advanced degrees can provide critical information for business planning. Boards have an increasing interest in understanding the talent within a company as well as strategies for acquisition, development, and retention. Additionally, the success of talent management programs must be reported to senior executives

### **1.6.3 RISE OF TALENT MANAGEMENT PRACTICES**

An important goal for talent management was to identify which candidates had the potential for advancement and were worth the investment. The development programs and experiences required huge investments, which were lost if a candidate did not succeed. One way to understand what talent management means in practice is to think about how things would work if there were no systematic effort to manage talent, apparently the situation for a large segment of the business community.

The best returns from talent management come from giving capable employees good opportunities before they can get them on the outside. Two actions are crucial. The first is spotting talent. Can we identify who is ready to take a role that adds more value to the organization? The sooner we can do that, the more value we create. The second is keeping track of opportunities and being able to place capable individuals in them when openings occur. The sooner we can make a match between capable candidates and openings that maximize their value, the more value we can create.

The notion of a career plan (from the perspective of the individual) or a succession plan (from the perspective of the employer) that identifies certain

employees to move to certain jobs at certain times is a thing of the past. Even identifying a particular career pathway is hard. Given that few employers are able or willing to provide developmental experiences or even to guide career advancement in their organizations; it is probably no surprise that their lack of availability now makes these practices desirable for employees. In the benefits of internal development for recruiting and employee retention, it might well make sense for employees to provide more developmental experiences and more internal career advancement opportunities than would be justified strictly from the perspective of meeting anticipated demand in recruiting and retaining talent.

#### **1.6.4 TALENT MANAGEMENT PRACTICES IN IT SECTORS**

Talent management practices in IT sectors fall into two equally dysfunctional camps. The first and most common is to do nothing – making no attempt to anticipate the needs and developing no plans for addressing them. This reactive approach, which effectively relies on outside hiring, has begun to fall now that the surplus of management talent has eroded. The second strategy, which is common among older companies, relies on complex bureaucratic models of forecasting and succession planning from the 1950s – legacy systems that grew up in an era when business was highly predictable. These models fail now because they are inaccurate as well as costly. Talent on Demand describes a different, third way that is less risky than the do-nothing approach and more responsive than the 1950s models. The ability to sustain a focus on talent management is driving an important division internationally in the use of, and the sophistication of, talent management practices. The vast new industry of talent management vendors is producing the most-sophisticated tools for specific talent management tasks.

The most sophisticated of corporations in their thinking about talent management appear to be Indian companies such as Wipro, Tata, HCL, and Infosys. First, the talent needs of these companies are growing so quickly, far

outstripping their ability to simply hire talent laterally, that talent management is likely to remain a huge issue for the foreseeable future. Companies like LG and most of the corporations centered also realize that their needs for talent are so large compared with the amount and mix of skills being produced by the education system and by other employers that they simply cannot rely on outside hiring. And so they have also developed sophisticated talent management practices.

### **1.6.5 PROFILE OF THE STUDY AREA**

Majority of IT activity in Karnataka is concentrated in Bengaluru. Bengaluru is also referred to as the Silicon Valley of India. NASDAQ opened its office in Bengaluru on Feb 12, 2001. This was seen as a major recognition for Bengaluru. Bengaluru is another Indian city that's undergoing a change back to its traditional name, Bengaluru. In contrast to many south Indian cities, Bengaluru is a contemporary, fast growing, and prosperous place that's home to India's IT industry. Many multinational corporations have set up their Indian head office there. As a result, the city is full of young professionals and has a vibrant, cosmopolitan air about it. Many people love Bengaluru, as it's a relatively relaxed city that's full of greenery and interesting buildings. This Bengaluru guide and city profile is full of travel information and tips.

An interesting window into how the world might look when employers abandon systematic attempts to manage talent and rely instead on just-in-time hiring comes from the world of information technology (IT). The rise of IT jobs played a significant role in the economic expansion of the 1990s, and IT skills are now crucial to the success of most companies. The early days of the IT industry were dominated by large companies with traditional models of talent management – IBM in particular but also companies like Hewlett-Packard, Sperry, and Univac. The Silicon Valley firms that exploded on the scene in the 1990s took a new and different approach that relied on hiring the skills from the outside when they were

needed, luring talent by offering stock options and exciting projects. A large proportion of the talent for these companies came first from larger, traditional companies like FairChild, Hewlett-Packard, and IBM. The Silicon Valley companies eventually beat out the more traditional companies in the product markets. A large part of their success has been attributed to their ability to use outside hiring to move quickly. It is also fair to conclude, however, that their ability to hire talent away from competitors without having to make up-front investments in development played a key role.

The triumph of the Silicon Valley companies brought the outside hiring model to the rest of the IT industry. When the supply from older, traditional companies began to dwindle and as required IT skills changed, employers increasingly targeted university and college IT programs. At this point the drawbacks of a just-in-time strategy of talent management became clear: employers are at the mercy of a volatile labor supply, and a quick review of the evidence since the IT boom illustrates the risk.

Many observers assume that the management of talent is really about the internal development of human capital, but most vacancies in corporations now are filled from outside. Internal development practices – such as executive coaching, creating developmental assignments, establishing assessment centers, implementing high-potential programs, and succession planning – are also presented as new ideas. These techniques, along with other employee development practices that seem novel – forced ranking performance evaluation systems, 360 degree feedback programs, and executive coaching – were all common in the 1950s. Except at a few large firms, such practices have been scaled back and in many cases abandoned.

It is not that these practices fail to develop talent but that they are too costly. The biggest cost in managing the unpredictability of the demand for talent.

Internal development of talent collapsed in the 1970s when business forecasting failed to predict the downturn in the economy, and the pipelines continued to turn our talent under the forecast assumptions of booming corporate growth. The excess supply of talent, combined with no-layoff policies for white-collar workers, caused a bloating of corporate organizations. The steepness of the 1981 recession then led to white-collar layoff and the end of lifetime employment as well as reengineering processes that cut the development practices and staff that created talent.

## **1.7 STATEMENT OF THE PROBLEM**

Talent management is an international human resources strategy that seeks to identify, develop, deploy and retain talented and high potential employees in an organization.

Bengaluru district is one of the major IT industrial areas in Karnataka. The district has a vastly diversified software base with adequate infrastructural facilities required for IT industrial activities. Attracting and retaining the talent is the key for the success of the organization and this has resulted in war for the talent. IT Company employees and HR managers in Bengaluru district is of traditional one. Though traditional economic activities are done by men/women employees the Talent Management Practices has emerged only during 2000's and number of research done in this area is minimum. Therefore, Bengaluru has been chosen as study area and IT sector Employees and HR managers are targeted for this study. Although talent management practices may be applied in IT sector, it can only contribute optimally to business performance if both top management and employees are aligned on its objectives and the way in which it is implemented in the organization.

The main issues in the talent management are to understand the talent management practices in IT sector and its impact on employee's productivity and

organizational effectiveness. In the present study Talent Management has focused on attracting, developing and retaining the talented people.

### **1.7.1 OBJECTIVES OF THE STUDY**

The following objectives have been framed for the study.

1. To examine the factors that influences the Talent Management Practices of employees in IT sector.
2. To determine the importance of demographic factors and its influence on Talent management practices of employees in IT sector.
3. To identify the reasons to attract, motivate, reward and retain the talented employees.
4. To examine how talent management practices helps in providing a coherent framework for management to increase productivity, and improve recruitment, retention and commitment.
5. To determine how talent management practices affect the HR Managers.
6. To find out the reasons which affects the employee turnover and retention.

### **1.7.2 SCOPE OF THE STUDY**

The present study aimed to understand the impact of Talent Management Practices faced by IT company employees and HR managers. The study will certainly helps in improving the efficiency of the employees and HR managers and also IT companies to formulate effective strategies for increasing the talent of the employees. The study aims to attract, motivate, reward and retain the talented employees in IT sector. Accordingly the information generated from this study will be useful for the organization as it will assist top management in their efforts to ensure that talent management practices as defined by the policies, procedures and processes are well understood and help to retain employees. In addition the research could assist in identifying suitable retention interventions for the organization.

The identification of different constraints at talent management would be helpful in finding remedial measures and overall improvement of IT companies in the Bengaluru district.

### **1.7.3 SIGNIFICANCE OF THE STUDY**

As business searches for new / or better means of achieving competitive advantage, the capacity of every functional area to improve organizational performance is under scrutiny. As a result talent management programs strive to develop and retain high potential employees and thus provide organization with managerial talent source and competitive human resource advantage which will impact organizational performance.

Talent management is one of the most important strategic objectives of organizations today. The present study has highlighted the Talent management practices of IT sector in Bengaluru. On the basis of this information and related facts the organization can take appropriate steps in maintaining a competitive advantage which leads to success, efficiency, and consistency. Organizations that manage their talent well should have a better idea of the abilities and potential of internal candidates than of outside hires.

Accordingly the information generated from this study will be useful for the organization as it will assist top management in their efforts to ensure that talent management practices as defined by the policies, procedures and processes are well understood and help to retain employees. In addition the research could assist in identifying suitable retention intervention for organization.

## 1.8 LIMITATIONS OF THE STUDY

- Having identified Bengaluru city as the platform for the study, the results generated cannot be generalized for other places.
- However, in order to make the results reliable for drawing conclusions relevant for the universe of the study, care had been taken to minimize the bias, through cross checks, whenever the accuracy and reliability of the data given by the respondents were doubted.
- Further, the study has been mainly based on the information and facts given by the respondents, relevant to their beliefs, attitudes, and their state of mind at the time of responding to the questionnaire.

Hence, the generalization of the findings of the study is subject to these limitations.

## 1.9 CHAPTER SCHEME

- The **First Chapter** presents with Introduction. In this chapter, discussion about the Introduction about the study, Introduction about the Industry, Profile of the study area, Statement of the Problem, Objectives of the Study, scope of the study, significance of the study, Limitations of the study and Scheme of Chapterization.
- The **Second Chapter** presents the operational definitions and Literature review.
- The **Third Chapter** covers with Research Methodology. This chapter contains the methodology of research, sources of data, study period, hypothesis developed and tools used for analysis
- The **Fourth Chapter** consists of two parts. Part I deals with Data Analysis and Interpretation and Part II deals with Discussion.
- The **Fifth Chapter** recapitulates the key Findings, Suggestions, Conclusions and the Scope of the study for future research.