

**TALENT MANAGEMENT PRACTICES IN THE SERVICE
SECTOR-A CASE STUDY OF PUNJAB & HARYANA**

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TABLE OF CONTENTS

LIST OF TABLES	xiii
LIST OF FIGURES	xvii
LIST OF ABBREVIATIONS	xviii

S No	Topic	Page No.
1	INTRODUCTION	1
1.1	Talent Management: An Introduction	1
1.2	Meaning of Talent Management	2
1.3	Talent Management: The Talent Performance Criteria	4
1.4	Goals of Talent Management	4
1.5	Need for Talent Management	5
1.6	Talent Management and Human Resource Management	6
1.7	Talent Management Theoretical Frameworks	6
1.8	Talent Management: An Indian Scenario	9
1.9	Talent Management Components	12
2	REVIEW OF LITERATURE	15
2.1	Talent Management Scope and Practices	15
2.2	Challenges Associated with Talent Management	23
2.3	Effectiveness of Talent Management	26
2.4	Talent Management Index	27
2.5	Research Gap	29
3	RESEARCH METHODOLOGY	30
3.1	Need and Scope of the Study	30
3.2	Objectives of the Study	31

3.3	Hypothesis	32
3.4	Research Design and Methodology	32
3.4.1	Survey of Secondary Sources	32
3.4.2	The Study Population	33
3.4.3	Sample Size and Selection	33
3.4.4	The Research Instrument	33
3.4.5	Development of the Instrument	34
3.5	Validity and Reliability of the Instrument	35
3.6	Administration of the Instrument	36
3.7	Sample Description	37
4	RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES	40
4.1	Relative Importance of Talent Management Components to Employees Across Four Verticals of Service Sector	43
4.2	Relative Importance of Talent Management Components to Males and Females Working in Service Sector	48
4.3	Relative Importance of Talent Management Components to Employees Across Different Age Categories	50
4.4	Relative Importance of Talent Management Components to Employees Across Different Qualification Categories	53
4.5	Relative Importance of Talent Management Components to Employees Across Different Experience Categories	56
5	EFFECTIVENESS OF TALENT MANAGEMENT PRACTICES	59
5.1	Commitment towards organizational values and goals and commitment to stay among employees	63
5.2	Affective commitment and employee career stage	68
5.3	Affective commitment and employee age	69
5.4	Affective commitment and employee gender	70

6	TALENT MANAGEMENT CHALLENGES	72
6.1	Challenges of Talent Management to Managerial Cadre	73
6.2	Challenges of Talent Management to Staff	83
6.2.1	Challenges of Talent Management to Staff Across Verticals	93
7	COMPARISON OF TALENT MANAGEMENT PRACTICES IN SERVICE SECTOR	97
7.1	Talent Strategy and Governance	98
7.2	Talent Identification	101
7.3	Talent Assessment	104
7.4	Talent Acquisition	106
7.5	Talent Deployment	111
7.6	Talent Development	113
7.7	Performance Management	118
7.8	Career Planning and Succession Management	121
7.9	Talent Retention	125
8	TALENT MANAGEMENT INDEX	132
8.1	Constituents of The Index	132
8.1.1	Affective Commitment of Employees	132
8.1.2	Relative Importance of Talent Management Components to Employees	134
8.1.3	Talent Management Challenges to Employees	137
8.2	Weightages for Index Constituents	138
8.3	Proposed Index of Talent Management Practices Effectiveness	140
8.4	Validation of Index	140
9	SUMMARY AND CONCLUSIONS	142
9.1	Findings	143
9.1.1	Relative importance of talent management components to	143

employees	
9.1.2 Effectiveness of talent management practices	144
9.1.3 Talent management challenges	145
9.1.4 Comparison of talent management practices in service sector	146
9.1.5 Talent management index	147
9.2 Key Recommendations	149
9.3 Scope for future research	151
9.4 Limitations of the study	151

REFERENCES

APPENDICES

ABSTRACT

The present study seeks to explore the effectiveness of talent management practices adopted by various verticals of the service sector which faces high rates of employee attrition, resulting in reduced efficiency and increased training costs. It further analyses the importance of various talent management components to employees, the perceived challenges faced by both employees and organizations in relation to talent management. Considering the need to have a comprehensive assessment tool to measure the effectiveness of talent management practices among employees, an attempt has also been made to develop an index for the same.

In existing literature, attempts have been made to examine talent management practices across various sectors, However, not much effort has been made to analyse talent management practices across banking, retail and hospitality sectors in the Indian context. Existing literature also does not elaborate upon the challenges of talent management as perceived by employees, particularly in Indian business context. Most of the existing studies reviewed have studied only a few components of talent management and a comprehensive study is warranted to explore the relative importance of various talent management components for employees.

Service sector has been selected for the study as it contributes 66% to the GDP. Scope of the study is limited to four verticals of service sector i.e. banking, IT & ITES, hospitality and retail which are the four largest contributors to the GDP. In all, twenty companies, five from each vertical, have been identified on the basis of their market capitalization in the respective verticals. Data has been collected from 457 staff members and 42 managerial cadre employees using judgment sampling. The geographic spread of the sample is limited to the states of Punjab, Haryana and union territory of Chandigarh.

Data has been collected for nine different components of talent management, comprising talent strategy and governance, talent identification, talent assessment, talent acquisition, talent deployment, talent development, performance management, career planning and succession management and talent retention. The employees were asked to rank the nine components of talent management based on the importance of each component to them and descriptive statistics were applied to analyse the data.

Out of the nine components of talent management, the component of talent retention is perceived to be the most important by service sector employees. Next in order of preference, the employees have been found to value career planning and succession management component. The third most important component as per employee's perception is found to be appropriate deployment of talent followed by effective performance management, talent acquisition and talent development in that order.

In order to evaluate the effectiveness of talent management practices used by different organizations to manage talent, the level of affective commitment among employees, which leads to commitment to stay and value commitment, was studied using the 15-item Organizational Commitment Questionnaire. Kruskal-Wallis H test, has been used to compare the level of affective commitment, as data was not found to follow normality of distribution. The level of affective commitment among employees is found to be the highest among employees in the IT & ITES. Employees in hospitality sector ranked second in terms of affective commitment and banking vertical reported the lowest score. Commitment to stay, which indicates the feeling of continued membership among the employees, like feeling of loyalty towards the organization, was highest among employees working in IT & ITES vertical. Value commitment, which signifies an employee's feeling of pride in associating with the organization, was also found to be the highest among employees in IT & ITES vertical. On gender analysis, affective commitment was found to be higher among male employees of the organized service sectors, compared to the females.

In order to better address the issue of talent management, an attempt was made to bring out the perceived challenges by managerial cadre as well as staff of the service sector. Separate questionnaires were used to study the challenges perceived by the managerial cadre and staff. Using exploratory factor analysis, five challenges each were reported by the managerial cadre and staff, all having acceptable Cronbach's alpha.

The challenges reported by the managerial cadre were named as lack of employee engagement, weak systemic credibility, low talent retention, Improper career management and unsatisfactory performance management.

The challenges reported by the staff were named as lack of trust and transparency, inadequate supervisory support, inadequate growth and development, unmet employee expectations and unrealistic target assignment.

In order to study the talent management practices adopted by the industry, a questionnaire containing seventy-five different statements was administered to the respondents of managerial cadre. Kruskal-Wallis H test, has been used to compare the practices across verticals, as data was not found to follow normality of distribution.

Practices related to each of the nine talent management components were compared across four verticals under study. Statistically significant differences in six out of seventy-five practices were observed across four of the nine components viz. talent identification, talent acquisition, talent development and talent retention.

The six practices of defining employees with long term contribution to the company as ‘talent’, employee poaching, employee selection based on culture fit, calling external experts or outsourcing work to improve efficiencies, targeting development resources on those who need them the most and conducting periodic employee-morale surveys were found having statistically significant differences. For rest of the practices the alpha value of more than 0.05 leads to the conclusion that there is no statistically significant difference across four verticals of banking, retail, IT/ITES and hospitality.

A comprehensive index to measure effectiveness of talent management practices has been proposed incorporating three constituents i.e. affective commitment of employees, employee perception regarding relative importance of talent management components and talent management challenges perceived by employees. The relative weights of the three proposed constituents of the index are based on the feedback of four respondents from the management cadre, representing each vertical under study and the opinion of four academic experts.

In the light of previous research and the results of the current study, it is recommended that every organization needs to evolve its own definition or understanding of ‘talent’, which must be disseminated throughout the organization. Organizations need to give substantially greater importance to retaining existing talent as this component has been perceived to be most important by all employees across four verticals of service sector under study. The organizations need to focus on creating better role clarity among job

incumbents, which would pre-empt role conflict and allow focus on performance. Female friendly policies like flexible working hours and childcare support etc. can help to attract and retain more female employees. Line managers, through identification of leadership potential, providing focused training and development and proper job postings, can facilitate effective employee career management to retain talent. Managers and supervisors ought to follow an open-door policy to foster an environment of prompt and honest feedback followed by appropriate action to rectify or improve policies, procedures or relationships. Undue work pressures generated by unrealistic targets need to be avoided as they are an important reason for strain in interpersonal relationships, finally resulting in losing talent.

LIST OF FIGURES

Figure No.	Title	Page No.
1.1	Deloitte Research 2004	7
1.2	Components of Talent Management	12
6.1	Scree Plot of Challenges to Managerial Cadre	76
6.2	Scree Plot of Challenges to Staff	85

LIST OF TABLES

Table No.	Topic	Page No.
3.1	List of Companies	37
3.2	Sample Description of Managerial Cadre	38
3.3	Sample Description of Staff	38
4.1	Mean Score of Employee Importance Assigned to Talent Management Components	41
4.2	Importance of Talent Management Components to Employees in Descending Order	42
4.3	Mean score of Employee Importance Assigned to Talent Management Components Across Four Verticals of Service Sector	43
4.4	Vertical Wise Importance of Talent Management Components to Employees in Descending Order	44
4.5	Comparison of Employee Rankings of Talent Management Components Across Four Verticals of Service Sector	45
4.6	Gender Wise Mean Score of Employee Importance Assigned to Talent Management Components	48
4.7	Gender Wise Importance of Talent Management Components in Descending Order	49
4.8	Age Mean Score of Employee Importance Assigned to Talent Management Components	51
4.9	Age wise importance of talent management components by employees in descending order	52
4.10	Qualification Wise Mean Score of Employee Importance Assigned to Talent Management Components	54
4.11	Qualification Wise Importance of Talent Management Components by Employees in Descending Order	54
4.12	Employee Experience Wise Mean Score of Importance Assigned to Talent Management Components	56
4.13	Service Experience Wise Importance of Talent Management	57

	Components to Employees in Descending Order	
5.1	15-item Organizational Commitment Questionnaire (OCQ) with Means	59
5.2	Ranks of Employee Commitment Scores Across Verticals	62
5.3	Test Statistics of Ranks of Employee Commitment Across Verticals	62
5.4	Commitment Towards Organizational Values and Goals Items with Means	63
5.5	Ranks of Employee Commitment Towards Organizational Values	65
5.6	Test Statistics of Ranks of Employee Value Commitment Across Verticals	65
5.7	Commitment to Stay Items with MEANS	66
5.8	Ranks of Employee Commitment to Stay	67
5.9	Test Statistics of Ranks of Employee Commitment To Stay Across Verticals	67
5.10	Ranks of Affective Commitment Across Career Stages	68
5.11	Test Statistics of Ranks of Affective Commitment Across Career Stages	68
5.12	Test Statistics of Ranks of Affective Commitment Across Employee Age Categories	69
5.13	Ranks of Affective Commitment Across Employee Gender	70
5.14	Test Statistics of Ranks of Affective Commitment Across Employee Gender	70
6.1	KMO and Bartlett's Test for Challenges to Managerial Cadre	74
6.2	Total Variance Explained by Factors of Challenges to Managerial Cadre	74
6.3	Communalities of Challenges to Managerial Cadre	76
6.4	Rotated Component Matrix of Challenges to Managerial Cadre	78
6.5	Challenges of Talent Management to Managerial Cadre	79
6.6	KMO and Bartlett's Test for Challenges to Staff	83
6.7	Total Variance Explained by Factors of Challenges to Staff	84
6.8	Communalities of Challenges to Staff	86
6.9	Rotated Component Matrix of Challenges to Staff	88
6.10	Challenges of Talent Management to Staff	90

6.11	Test of Between - Subject Effects of Challenges to Staff	93
6.12	Multiple Comparisons of Challenges to Staff	94
7.1	Test statistics of Practices Related to Strategy and Governance	99
7.2	Ranks of Practices Related with Strategy and Governance	100
7.3	Test Statistics of Practices Related to Talent Identification	102
7.4	Ranks of Practices Related to Talent Identification	103
7.5	Test Statistics of Practices Related to Talent Assessment	105
7.6	Ranks of Practices Related to Talent Assessment	105
7.7	Test Statistics of Practices Related to Talent Acquisition	107
7.8	Ranks of Practices Related to Talent Acquisition	108
7.9	Test Statistics of Practices Related to Talent Deployment	111
7.10	Ranks of Practices Related to Talent Deployment	112
7.11	Test Statistics on Practices Related to Talent Development	114
7.12	Ranks of Practices Related to Talent Development	116
7.13	Test Statistics of Practices Related to Performance Management	118
7.14	Ranks of Practices Related to Performance Management	119
7.15	Test Statistics of Practices Related to Career Planning and Succession Management	122
7.16	Ranks of Practices Related to Career Planning and Succession Management	123
7.17	Test Statistics of Practices Related to Talent Retention	126
7.18	Ranks of Practices Related to Talent Retention	128
8.1	Instrument to Score Affective Commitment	133
8.2	Representation of Level of Affective Commitment	134
8.3	Most important talent management components to employees	135
8.4	Representation of Level of Agreement with the Base Sector Score	135
8.5	Calculation for Distance from Base Score for Talent Management Components	136
8.6	Instrument to Measure Challenges of Talent Management to Employees	137
8.7	Representation of level of TM Challenges to Employee	138
8.8	Suggested Weights from Industry and Academic Expert	139
8.9	Weightages of Three Elements in Index	139

8.10	Effectiveness of Talent Management Practices	140
8.11	Validation of Index	141

CHAPTER 1

INTRODUCTION

“I view my primary job as strengthening our talent pools. So, I view every conversation, every meeting as an opportunity to talk about our talented people.”

-Jack Welch

“Talented people are vital to the continued success, and we continuously invest in our associates, giving them the tools and training to succeed.”

-Indra Nooyi

This chapter introduces the concept of talent management, traces its evolution, definitions and its theoretical frameworks and importance of talent management along with the talent management practices and challenges.

1.1 TALENT MANAGEMENT: AN INTRODUCTION

Acquiring or losing accomplished corporate leaders makes big news today and creates ripples in the stock market. Organizations are competing for the most favorable market position and have awakened up to the fact that in a bid to become the global leaders, talented employees are the key. Consequently, in present age of knowledge economy where talent and brainpower are becoming the predominant currency, effective talent management has become imperative for business success. It is the human talent and skill set that shape the future of a business by giving it a competitive edge over rivals. Corporate leaders along with the human resource managers, the world over, have come to realize this fact and burn the midnight oil in working out strategies towards this end. This managerial quest has led to the birth of talent management – signaling an enhanced focus on acquiring, developing, managing and retaining talented human resources. During 90’ literature on talent management started growing leaps and bounds and ‘Talent Management’ became the mantra for corporate success. Though the concept is not of recent origin, its value

augmenting ability has been recognized only recently. Companies which initially thought of talent management as a mean to tackle the problem of high employee turnover, have learnt to incorporate it in their corporate strategy itself with a key responsibility placed on the line managers. However, in the Indian context, talent management as a guiding philosophy of creating competitive advantage is quite young. The human resource professionals are yet to set their focus right and are struggling to figure out the precise ways and means of managing talent.

1.2 MEANING OF TALENT MANAGEMENT

A discussion on Talent Management would be incomplete without an understanding of the word “Talent”. As per the dictionary.com, it is the capacity for achievement or success. Talent in general refers to a natural recurring pattern of thought, feeling or behavior that can be productively applied.

Talent is natural and when augmented with skill and knowledge, create individual strengths. Talent is innate but knowledge and skills need to be acquired through learning and practice (Buckingham & Clifton, 2001). It includes people with proven track record of high performance and are usually sought after by different organizations at a premium, who are able to add significant value to business.

Talent Management signifies comprehensive and integrated human resource practices with the goal of attracting and retaining the right individuals, for the right positions, at the right time. Talent Management as an area of focus gained currency in 1980s, when an intense need was felt for retaining talented people and curbing attrition. This was when, the companies increasingly realize the immense value of the human assets for organizational success. Different thinkers have defined talent management in many ways. Talent management was merely viewed as the management task of ensuring that right person is placed at the right job at the right time (Jackson & Schuler, 1990). Few years down the line, talent management was seen as a thoughtful and organized effort to ensure leadership continuity by encouraging individual advancement for key positions. (Rothwell, 2000; Byham, 2001; Hilton, 2000 & Olsen, 2000) viewed talent management as a collection of typical human resource department practices or activities like recruitment, selection,

employee development, succession management and career management. As per Robertson & Abbey (2003) focus of talent management is on identification of the best and the brightest people who can deal with complexities. Schweyer (2004) identified talent management as a collection of human resource practices like sourcing, selection, employee development and retention. Talent management was taken for identifying key positions which have the potential to differentially impact the competitive advantage of the firm (Boudreau & Ramstad, 2005). In a holistic view, Ulrich (2006) defined talent management as identifying individuals having the knowledge, skills and values, who are committed to work and make a difference to organizational success. Talent management is concerned with succession planning or human resource planning i.e. the job flow of employees within an organization (Groves, 2007). Collings & Mellahi (2009) defined talent management as activities and processes involving systematic identification of key positions in the organization which contribute to the organization's sustainable competitive advantage, developing a talent pool of high potential and high performing incumbents to fill these roles, and the development of these incumbents to ensure their continued commitment to the organization. Murthy (2010) defined talent management as managing the entire employee lifecycle from attracting and hiring to promoting and finding a successor upon retirement. It also includes identification of the key gaps between the talent in place and the talent required to drive business success. Harris et al. (2010) taking a narrow view of talent in their study, identified four categories of employees in any organization, namely, champions, professionals, semi-professionals and amateurs. Professionals, with their extensive quantitative skills and semi-professionals like marketing analysts who apply analytics to business problems are most crucial to business success, because of their scarce and not easily replaceable talent. Professionals and semi-professionals are believed to be most difficult to attract, develop, engage and retain because of the value they bring to organization (Harris et al., 2010). They need to be managed differently from other employees. This view links talent management to irreplaceable skills which are critical to organizational success.

Some practitioners describe talent management as a key component in effective succession planning while others state talent management an attempt to make all the employees work at the top of their potential. In conclusion, it can be inferred that talent management

encompasses a long list of activity revolving around creation of talent pool. It is the process which includes talent gap analysis, talent identification, talent acquisition, talent development, talent deployment, performance management, talent assessment, talent retention and career planning and succession management of high potential employees with skills which are important to the organization.

1.3 TALENT MANAGEMENT: THE TALENT PERFORMANCE CRITERIA

There are two schools of thought on managing talent based on the talent performance criteria. First school of thought regards talent as an absolute good, and urges for talent to be managed according to performance levels. More accurately, highly competent performers are to be sought, hired, and differentially rewarded regardless of their specific role. This perspective believes in Top grading i.e. packing the entire company with A level performers with no place for B or C level performers (Smart, 1999). This is what we know as 'War for Talent' - a term coined by McKinsey in 1997, which emphasized the fact that organizations need to compete against each other for the scarce resource i.e. talent (Micheals et al., 2001).

The second school of thought regards organizational talent as a mix of different performers and opines to manage general performance pool of talent i.e. to manage a mixed bundle of talent (mix of A, B and C level performers) and appreciate this mix batch to the high organizational performance (Buckingham & Vosburgh, 2001; Walker & Larocco, 2002). This perspective requires development of people and processes through proper collaboration and communication among all levels of the organization.

1.4 GOALS OF TALENT MANAGEMENT

This section attempts to highlight the major goals that a talent management strategy needs to accomplish. Reilly (2008) stated that the key to effective talent management is the alignment of talent management philosophy with the organization-employee psychological contract. This can materialize only when the goals of talent management strategy are clear to the organization. Berger & Berger (2004) outlined three main goals of talent management strategy namely to identify, select and cultivate employees that demonstrate

superior performance and inspire others to perform; to find, develop and position highly qualified backups i.e. succession planning; to disseminate resources like mentoring, training, compensations etc. to employees based on their competencies.

A synthesis of the above facts leads us to conclude that Talent management refers to managing the employee's entire lifecycle in the organization, from attracting and hiring to promoting and finding a successor upon retirement. This view was also supported by Murthy (2010).

Considering these goals of talent management, its functional definition for the purpose of study encompasses an integral set of activities to ensure that organization attract, identify, develop, deploy, manage and retain its people, assuming potential in all employee.

1.5 NEED FOR TALENT MANAGEMENT

It did not take corporate world long to realize that retention of talented employees is more important than trying to acquire new talent - due to cost associated with retaining employees versus developing new ones.

Since 2008, due to economic slowdown, organizations had to squeeze budget, forcing them to do more work with fewer employees. This scenario of bottom line crunch limits the flexibility of organizations to spend on employee training. Organization are forced to either retain employees, who have already been well trained for their job or search in the labor market for experienced staff. As per study by Cooper (2015), which found that worldwide there is shortage of employees with demanded skills, option of sourcing experienced staff also becomes less attractive, than to retain existing talent. In case, if organizations are able to retain talent then probability of improvement in organization's bottom line and future success is also strengthened as, Stephen (2007) found that organizations with talent management practices in place outperform others across net profit margin; return on equity and return on assets. The secret to sustained competitive success is future will be to have a talent-powered organization that builds and sustain all the skills needed to compete.

Cross (2007) in the book titled 'Talent Management', highlighted trends which have influenced the relationship between employer and employees and have major impact on

talent management practices. These trends indicate that bargaining power of the talent has been increasing due to the shortage of talent in the market; people are showing increasing desire to work to live, then live to work; companies are not able to provide long-term security to their employees; people want greater meaning from their work and with information boom people are more aware of their personal market value.

1.6 TALENT MANAGEMENT AND HUMAN RESOURCE MANAGEMENT

Both human resource management and talent management are concerned with managing employees, but the focus of talent management is on involving the line managers to put emphasis on improving business performance, whereas human resource management focuses to bring greater efficiency in organizing employees and reporting relationships.

The metrics to measure performance in human resource management are more concerned with short time to hire, lower cost to fill vacancies and high percentages of performance reviews. With talent management performance metrics are about the high quality of hires and creation of strong leadership pipeline.

In case of human resource management, the decision makers are generally the human resource specialists but in talent management with objective of improving the business performance, the decision makers are not only human resource specialists but also senior executives and business managers.

1.7 TALENT MANAGEMENT THEORETICAL FRAMEWORKS

As talent management is a relatively new domain, not too many standardized frameworks are available to explain the process of organizational talent management. The two frameworks discussed here have been created by practitioners and the literature have limited well accepted frameworks suggested by theoreticians.

Deloitte Research (2004) developed a framework for talent management, according to which Develop-Deploy-Connect model (Figure 1.1) should be the core of an organization's talent strategy.

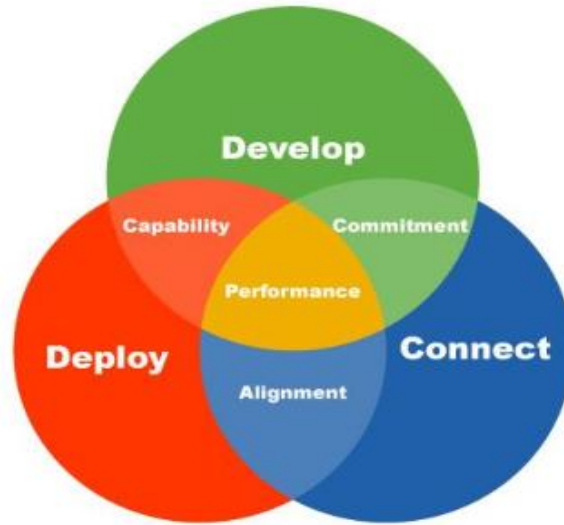


Figure 1.1: Deloitte Research 2004

By focusing on the elements of develop, deploy and connect, an organization can generate capability, commitment, and alignment in key workforce segments.

- a. Develop: proving employees with real life leaning to master a job. It does not mean only classroom training but also developing employees by mentoring from peers and others.
- b. Deploy: working with key individuals to:
 - a. Identify their interest, skills and knowledge
 - b. Find best organization fit
 - c. Crafting job design and job conditions to enhance performance.
- c. Connect: providing critical employees with tools and guidance to improve quality of interaction with others to enhance performance.

Generation of capability, commitment, and alignment improves business performance and leads to talent attraction and retention.

Bersin et al. (2010) have developed a talent management framework which ensures business alignment and facilitates talent mobility. Talent mobility is the movement of talent from role to role at the operational, professional and leadership level and can be achieved by adopting succession management at all ranks; transparent discussion on employee potential and skills; and focus on development of critical talent.



Source: Bersin & Associates, 2010.

As per this framework, talent management begins by defining talent strategy in the context of business strategy. Alignment of talent management with business strategy is a crucial activity for workforce planning in which talent needs are to be assessed considering the period for next 12-24 months. Subsequently, succession plans need to be finalized using workforce planning.

The next phase of capability and competency management is the solutions phase in which information related to employee experiences, competencies and skills is sought to enable organization to better define job profiles. To implement a workforce plan, talent acquisition is initiated, leading to fulfillment of positions with external and internal candidates.

After talent acquisition, an integral part of this framework is to develop and mobilize talent using leadership development, succession management, career management and performance management. While leadership development ensures availability of high performing key contributors, succession management outlines capabilities which are deemed necessary for passing on leadership positions to potential successors. Career management creates awareness about employee career goals in which the employees are

encouraged to define their own career paths. Performance management apart from assuring achievement of defined goals also, provides a vehicle for talent assessment.

Total rewards component of the framework is meant to ensure that throughout the employee lifecycle, they are rewarded appropriately. Learning and capability development is necessitated by continuous evolution of business and enables the realization of talent management strategies. In the absence of learning an organization as well as its talent become stagnant and dis-satisfied.

Effective organization and governance of an organization will ensure alignment, accountability and oversight, while business metrics and analytics will determine the effectiveness of talent programs. These two components collectively form the pillars of talent management framework. At the bottom the framework, talent infrastructure ensures alignment and integration of talent related data and processes.

This framework can help an organization design a comprehensive talent management strategy. As per the authors of the framework, when business environment and aspirations of people change and as organizations diversify and innovate, the approach to managing talent will also evolve.

1.8 TALENT MANAGEMENT: AN INDIAN SCENARIO

India is no exception to the global crisis for talent. Effective talent management is of particular importance to India, because of the ever-escalating need for talent in a developing economy. Retaining employees has become more important than ever to Indian corporate sector facing high attrition rate touching 14 per cent (PTI, 2014). There has been a rise in outsourcing and off shoring to India, which has led to a competitive job market requiring individuals who are multi-taskers and possess needed competencies. Local and multinational companies in India face significant challenges of talent retention, wage inflation, and battle for new graduates who are talented. Corporates are striving to attract talent, because employee turnover is high as, talent is more than willing to relocate in search for greener pastures. Relocation is the voice of the new millennium and talented

employees are even prepared to leave a company to bump up their salaries. This has led to a war for talent amongst competitors who lure employees by offering better compensation, special healthcare facilities, friendly working environment, work from home options, flexible work hours and women-friendly policies. Companies like Uber, Microsoft and Oracle, with an intention to recruit top talent have offered annual salary packages between INR 90 lakh-1.15 crore to fresh graduates in India (Chaitanya, 2016).

A team of researchers from Villanova School of Business examined the talent management practices of 28 companies operating in India. Researchers surveyed 4,811 of these companies' employees about their attitudes toward their employers, including their intentions to stay or leave and found that despite salary increases averaging more than 15% annually in some industries, annual turnover rates among young professionals were averaging 15% to 30% and go as high as 50% (Grant, 2008). The explosive combination of ballooning salaries and rising attrition signals a tight market for talent that could constrain India's growth in the future.

In the light of high attrition rates in Indian automobile industry, Maruti Suzuki linked variable pay to the financial performance of the company with a greater focus on cash variables i.e. formulation of salaries which are linked to performance, in addition to increasing its entry level pay by almost 10% (Philip & Chauhan, 2011).

The second largest information technology company in India, Infosys in an organization reshuffle has split the human resource role into strategy and operations with two separate human resource heads for the two roles. This structural change is a signal that operational and strategic concerns are different and highlights the importance of strategic initiatives in various domains including that of talent management. Through this action, the company wants to focus on strategic issues of succession planning and hunting for the best talent (Mendonca, 2016).

In order to provide accommodation to visiting staff, considering the acute shortage of hotel rooms in city like Bangalore, Infosys has built its own accommodation – so much that it has become one of the largest 'hotelier' by numbers of rooms in India (Grant, 2008).

Considering that good people are available only at premium, Flipkart, an Indian ecommerce company is offering male employees with ten days of paternity leave either before or after the birth of child. Flipkart has also offered new fathers with option of flexible working hours for three months after or before the birth of their child. As per these flexible working hours, male employees have the option to work for four hours in office and rest of the hours from home. In case of female employees, Flipkart is offering four months of flexible working hours along with six months paid maternity leave (Jain, 2015).

In case of child adoption, Flipkart offer employees with an allowance of INR. 50,000. If the age of adopted child is less than one years, then female employees are offered the same benefits as under maternity leave policy (PTI, 2015).

Two of the information technology giants in India, Tata consultancy services and Wipro are offering three months paid paternity/maternity leave to its employees for biological as well as adopted child.

Accenture corporation has started “hours that help” policy considering the fact that colleagues at office are becoming more like an extended family. As per this policy, an employee is allowed to donate her leave to any of the fellow colleague in case of medical emergency or any personal issue (Thomas & Sarumathi, 2016).

In order to create a unique employer brand and distinctive position to attract and retain talent, Godrej Group has initiated an Employee Value Proposition (EVP) program. Employee Value Proposition of Godrej is based upon the feedback collected by the company from 3000 employees. Under this EVP program, the company has removed the capping on sick leaves and employees can take sick leaves in unrestricted capacity but only after informing the supervisor.

Godrej group in another effort to manage gender diversity has formed a diversity council with a focus to create a pipeline of females among the top 100 employees in the organization (Bhattacharyya, 2015).

The bottom-line is that the future belongs to companies that can incorporate and practice ‘talentship’ as a regime. It is talent only that can bridge the gap and lead an organization towards success. This is what makes talent management a vital area of study for researchers who aim to find out value addition that talent management can bring to an organization.

1.9 TALENT MANAGEMENT COMPONENTS

Various studies have been conducted to identify different components of talent management but there is still no consensus on talent management components. Visiting the research work of different authors, various components of talent management have been identified as depicted in Figure 1.2.

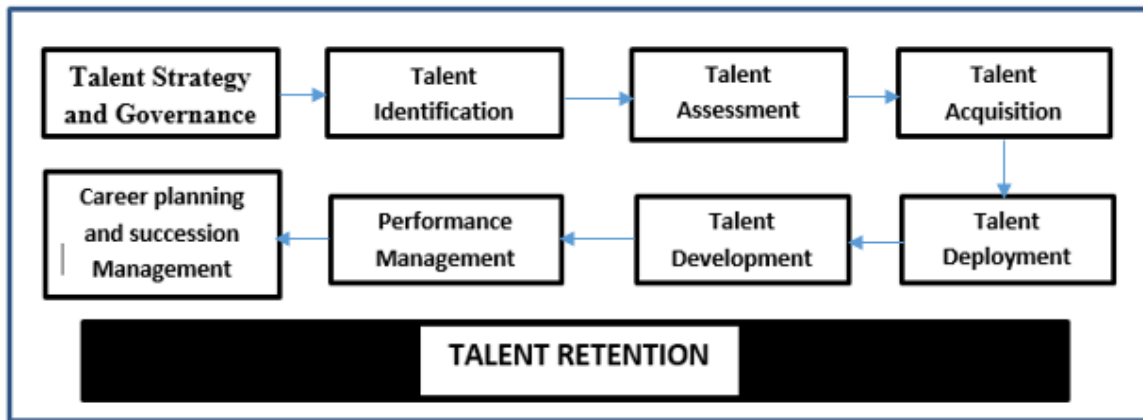


Figure 1.2 Components of Talent Management

The process of talent management starts with creation of talent strategy and governance, which involves outlining a philosophy to manage employees as an asset. In talent strategy, key organizational positions with associated competency requirements are defined and employee value propositions for different talent groups are designed. The purpose of talent strategy and governance is to identify and define key organizational challenges and opportunities of present and future organizational talent demand and supply.

Upon identification of talent gap in the organization, the process of talent identification is initiated. The purpose of talent identification is to do talent spotting and talent mapping. Talent spotting is the process of tagging existing employees as talent, based on their existing competencies or ability to gain new skills. In talent mapping, a decision is taken

to whether train existing employees or depend on new hiring to meet organizational demands.

Talent assessment forms the base of talent selection process. It is the process of talent assessment in which the criteria to evaluate talent are defined in order to evaluate the talent that is present and talent that has been identified. Keeping in mind the requirements of the job, talent can be assessed using one or multiple parameters like prior experience, skill set, qualifications and aptitude etc.

The process of talent acquisition is undertaken with the purpose of meeting organizational talent demand by hiring new employees. The focus of the talent acquisition is on attracting, recruiting and selecting talented employees for the organization (Sumathi, 2011).

The exercise of talent spotting and talent acquisition helps in creation of required talent pool. Talent deployment involves appropriately placing acquired talent to fill the workforce gaps (APSC, 2015). Talent deployment must ensure the placement of right talent at the right time at the right place.

Hiring new talent or spotting existing talent will not necessarily ensure fulfillment of future skill gap. Identified or acquired talent needs to be developed or mentored with proper learning and development opportunities, so that the required skill capabilities can be cultivated. Going by this conviction, Google has made, a minimum of 120 hours of training every year compulsory for all employees, which is almost three times of industry standard. These types of learning and development initiatives not only open growth path for individuals in the organization but also provide continuous competitive advantage to Google (Govaerts et al., 2011).

Performance management process is initiated by deciding on the key performance areas and setting the performance goals in consultation with employees to offer them a feeling of confidence. Subsequently to ensure, employees and managers work together to monitor review work progress to ensure the employee's performance.

Under the talent management philosophy, succession and career planning are important organizational business practices to develop and retain talent. Successors are identified

keeping in view the required key competencies and career objective of potential candidates in the talent pool. Once the successor has been identified, the person needs to be associated in a mentor- mentee relationship with the person holding the key position (whom the successor will replace) in order to learn from the experience of incumbent.

Above all, talent management calls for employee commitment which would ultimately lead to employee retention (Piansoongnern & Anurit, 2010). For long term success of the business, it needs to be ensured that employees feel valued and stay with the company. Employees need to be rewarded appropriately, matching the best possible level of their perception of equity in the organization (Helm et al., 2007). Some of the practices being followed in the corporate sector to retain employees are in the form of offering flexible working hours, conducting employee morale surveys, differentiating talented employees, rewarding performance and nurturing equity and trust across genders.

There is great potential in the talent management practices to transform the industry of today. If it is planned and executed carefully to better manage people, it can contribute significantly to achieve strategic organizational objectives.

CHAPTER 2

REVIEW OF LITERATURE

In this age of globalization where talent and brainpower are becoming the predominant currency, managing talent has become imperative for business success. Companies today are realizing the importance of talented employees, but talent as resource is perpetually getting into short supply. The interrelated nature of talent management and its ability to contribute positively to an organization's growth has led to a lot of interest by practitioners as well as academicians in identifying practices that will ensure effective talent management. Based on various research journals, magazines and databases, a detailed literature survey has been carried out and presented below, which covers the period till 2016. First part reviews literature relating to scope and various practices associated with talent management. Part two contains reviews relating to challenges associated with managing talent followed by reviews that have dealt with the talent management effectiveness. The last part reviews different talent management indices proposed by practitioners and academicians. During the literature review, studies relating to improving the effectiveness of various human resource functions have not been incorporated, unless they were conducted specifically for the purpose of improving the effectiveness of talent management.

2.1 TALENT MANAGEMENT SCOPE AND PRACTICES

Talent management as a concept is still evolving and consequently its scope and practices are quite varied. Some organizations restrict the scope of 'talent' to certain key positions, some consider high potential employees as 'talent', while few include within its ambit, all human resources of the organization.

A number of researchers and authors have viewed talent management as a process for attraction, identification, recruitment, development, motivation and retention of individuals who have strong potential to flourish in an organization (Berger & Berger, 2004; Schweyer, 2004; Laff, 2006; Uren, 2007). Considering a broader perspective, McCauley & Wakefield (2006) added workforce planning, talent gap analysis, education, retention, succession

planning and evaluation to the processes of talent management. Cappelli (2008) opined that at the core of talent management is anticipation of human capital requirement and then having a plan to meet it. His study supported the practices related to workforce planning and human capital gap analysis in following the philosophy of talent management as proposed earlier by McCauley & Wakefield (2006). In a study of 37 multinational companies, selected on the basis of their international scope, reputation and long-term performance, Stahl et al. (2012) again placed organizational focus on attraction, selection, development and retention for managing talent.

To find talent management practices used to attract, nurture and retain talented employees, Mathew (2015) collected primary data from 30 organizations across manufacturing, ICT, pharmaceutical, banking, hospitality and telecom sector companies. The results showed that all the companies emphasized on practices related to transparent performance management, employee recognition and rewards, employee training and succession management for retaining employees. Significant evidence supporting development of talent through enhancement of performance motivation was found by Groves (2007) and Bethke et al. (2011).

A number of authors supported the practice of segmentation of talent into different groups and identification of talented employees. Based on the research of McKinsey & Company (1997) published in book titled 'War for Talent', Lewis & Heckman (2006) recommended classifying employees into A, B and C categories. Talent management is all about having practices in place to retain A performers or top performers, improving B or moderate performers and losing the bottom or C performers. Supporting Lewis & Heckman's (2006) idea of identifying talent and placing organizational efforts on select individuals, Ulrich (2007) defined the elements that are needed in an individual employee to be termed as 'talent'. He opined that talented employees should have knowledge, skills, values and must demonstrate commitment to work.

Hartley (2004) in his study focusing on leadership development advocated the view of keeping the focus of talent management on critical employees. Whelan et al. (2009) advocated identification of pivotal talent pools for key positions that can make a strategic difference and affect the organization's competitive advantage. The findings supported the

creation of talent pools only for those jobs or roles where availability of human capital make a strategic difference to the organization. Boudreau & Ramstad (2005) coined the term 'Talentship' which means the use of talent management philosophy in all the organization's talent related decisions.

Makela et al. (2010) through in-depth study of human resource managers in multinational companies identified factors that influence the probability for an individual to be labeled as 'talent'. The results suggested that talent pool identification is a two-stage process. First stage is experience-based performance appraisal by managers, which is supported by existing performance ratings of individuals. Second stage is the talent identification process which is influenced by three factors, first being institutional and cultural distance between the locations of the decision makers and talent pool candidate. Second factor is the strength of homophily or tendency to bond with similar others between the decision makers and individual being evaluated. Strong feeling of homophily can influence a decision maker's choice of talent pool candidate. The third factor is about the position of individual in the network. Closer an individual will be to the decision maker in her social network, the better chances individual will have for selection in talent pool.

Hartmann et al. (2010) in a study of seven multinational companies found use of supervisors' recommendations to identify talent and to promote talented employees to senior levels. Practice of talent segmentation was also found in few of the companies which had identified certain people as part of talent pools.

Hiltop (1999) in a study of companies which are proactive in acquiring talented employees found that such companies recruit continuously rather than only at the time of filling the openings. In such companies, poor performers are penalized and employee competencies are mapped with strategic business needs.

Potential employees have been found to be inclined towards companies having a strong employer brand. Good corporate image in the job market coupled with positive word of mouth by existing workforce can help a company to gain high quality talented employees leading to creation of competitive advantage (Jasrotia, 2003). Collins (2007) studied the relationship between job applicant's perception about employer brand and their job seeking behavior. This study was conducted on 456 students to learn about how three parameters

of potential employer's i.e. reputation, image and familiarity, influences job applicant's behavior. Awareness about the employer brand was taken as a signal of company's legitimacy. Students were found to be highly inclined towards companies having strong reputation and image of a good employer in the job market. Baum & Kabst (2013) conducted a survey on 1626 engineering students of four countries including India, China, Hungary and Germany for which employer brand image was described in terms of comfortable work life, attractive payment and attractive tasks. It was found that students or job seekers highly appreciated attractiveness of the task/job in deciding a company to work for. Out of the three facets least importance was assigned to attractive payment.

Within the organizations, talented employees who believe in employer brand have a very high probability of recommending the brand to others (CEB & People Matters, 2014). Use of social media and particularly social networking sites like Facebook has emerged as a widely-used practice for employer brand creation and talent acquisition by organizations. Companies using these social media tools are able to list down experience and other skills, and also save on time and cost while creating talent pools. A common practice observed today for the acquisition of on-demand talent is crowdsourcing i.e. work getting done from crowd of people, particularly for technical profiles.

Lauver & Kristof (2001) highlighted two important aspects of talent assessment, namely, person-job fit and person-organization fit through a survey of 231 employees of a national trucking company. Person-job fit approach focuses on selecting candidates who can do the job in best possible manner. Person-organization fit emphasizes selection of a candidate who will fit in organization culture. Best talent selection occurs when any talent selection team is able to find an employee, who fits on both parameters of job and culture fit.

Wrzesniewski & Dutton (2001) proposed use of the practice of job crafting to help in proper deployment of talent. As per their research, individuals in an organization, based on their set of competencies like knowledge and skills should be allowed in consultation with managers, to alter their set of tasks performed, work settings, as well as to choose the positions with whom they would interact while performing the job, to ensure an optimal level of talent positioning. Job crafting can create a better person-job fit by enhancing the balance of employee's personal resources and job requirements. Practices like job crafting

also support in development of an employee-environment fit, due to the flexibility given to him to modify the environment of work.

Organizations can risk losing talented employees due to lack of meaningful developmental opportunities. It is important to discuss regularly to employees about their training and development activities, considering the benefit of both the individual and the organization (Ardiphine, 2015). Employee training and development has been found to be a key strategy for talent management and in achieving organizational objectives (Pineda, 2010). As per Kane (1986), the choice of approach for talent development should be based upon organization's requirements, staff attitudes and beliefs, and the level of resources that management is ready to commit.

Zheng (2009) surveyed 291 multinational companies from service sector and found statistically significant relationship between talent development and firm performance. In particular, the study advocated need of employee development programs and trainings to build capacity to deliver quality service, which would ultimately affect growth of the firm. Pollitt (2008) studied a five-year long staff training program focused at boosting employee morale and training employees to service clients in a bank, which resulted in employee attitude modification and enabled the bank to exceed its financial targets, reduce customer complaints and financial errors. In another study by Pollit (2008) it was found that planned employee development activities lead to reduced employee turnover. In order to cater to high employee turnover rates, the company under study designed a knowledge logbook for employees, based on which employees were allowed to choose from among different development options and to learn at their own pace. Employee turnover got pruned down after implementation of this practice and employees found their skill development path.

In another study, Hay (2002) identified planned job rotations as a highly-suited method in developing individual employees. Talent management practices like regular employee training and job rotation, increase employee satisfaction which leads to better work efficiency.

Petison & Johri (2007) conducted a study in Toyota Motors Thailand, to find a solution for making employee training programs effective in the subsidiary and found creation of trust

between employees and trainers to be an important factor in increasing effectiveness of training programs.

A study by Boatman & Wellins (2011) found the practices of formal leadership workshops, coaching by senior managers and rotation of talented employee to different jobs to develop specific skills, are much effective in developing leadership talent. Organizations following the philosophy of developing leadership talent are able to create highly engaged leaders.

Succession planning is viewed as one of the important practices to maintain talent in the organizations as supported by Wrzesniewski & Dutton (2001); Groves (2007); Boatman & Wellins (2011) and Bethke et.al (2011). Organizations with good succession planning practices are able to maintain superior leadership quality and are able to increase their bottom-line and are thrice more likely than their competitors to retain employees.

Beal (2005) in an exploratory study at United Parcel Services (UPS) found that talent management practices like job rotation, cross functional movements and stretch work assignments have led to retention of talent and organizational growth. Hiltop (1999) advocated the practice of coaching and mentoring employees for their career development and highlighted the need to offer talented employees with challenging jobs and open access to information about corporate goals and business outcomes.

Boston Consulting Group (2012) conducted a study to learn the practices that are needed to be followed by companies to retain talent in developing countries. The findings suggested that companies in developing countries need to define career path clearly and organizational executives need to ensure the delivery of promised career paths to employees. It was also found that employees highly value the practice of meritocracy. Merit based rewards and promotions helps in maintaining the perception of equity among employees leading to enhanced retention of talent.

Retention practices help organizations to prevent competent employees from leaving the organization and minimizing the adverse effect on productivity. Initiation of retention practices is a voluntary move by any organization to engage employees for a long term (Chaminade, 2007).

Michaels et al. (2001) supported the practice of retaining employees by keeping them motivated through recognition. Recognition practices like awards, incentive schemes and public praise of good work are effective ways for employee retention. Harris & Brannick (1999) identified some key talent management practices like rewarding desired behavior, offering intangible benefits along with monetary ones, ensuring work life balance, offering employees freedom to do work and on-going training support for employee retention. Hiltop (1999) also found practices like promotions from within, equal benefits for all employees and extra rewards for high performing employees in companies that win talented individuals.

Rogers & Riddle (2006) highlighted the importance of trust in the context of employee retention. Practice by managers to demonstrate how work is to be done and creating real life examples for subordinates helps in increasing employees trust. Organizational management through its employee oriented policies and open communication conveys a feeling of trust towards employees. Organizational transparency increases trust of employees in the company and leads to long-term retention (Balkin, 1999). This study identified transparency as three-dimensional concept consisting informational transparency, participatory transparency and accountability transparency. In order to bring transparency at work, management needs to ensure the communication of all relevant task related information to employees. The level of participation expected from an employee should be informed clearly with relevant accountability. Practices to maintain transparency, bring out a feeling of employee trust in organizational working and lead to employee retention. Heather (2003) found that open communication was one of the most important parameters in maintaining healthy employers-employee relationship and in promoting a culture of creativity which helps in motivation and retention of employees.

D'Amato & Herzfeldt (2008) performed a primary study of more than 1500 individuals and found that in order to retain talent, across all generations, organizations need to foster learning goal orientation among employees. In case of employees belonging to young generation, the practice of extending more supervisor support is required. Increased managerial involvement help young employees in performing their job better and help organizations in gaining their affective commitment.

Tymon et al. (2010) studied twenty-eight Indian multinational companies and collected data from 4811 individuals. The results indicated that intrinsic rewards like pride in the organization, perception of managerial support and perception of the effectiveness of performance management activities increase employee retention. Employee satisfaction with intrinsic rewards stimulates a hope for successful career with in their company and creates an exit barrier. Maintaining equity and transparency during performance appraisals and support for open door policy by managers help in better talent management. An employee satisfied with the intrinsic rewards was also found to carry a low intention to leave.

Blass (2009) proposed six perspectives to approach talent management based on research project completed by Chartered Management Institute in collaboration with Ashridge consulting. These six perspectives included process, developmental, cultural, change management, competitive and human resource planning. Organizations following the process perspective believe in the fact that their future is dependent on having the right set of talent. Developmental perspective focuses on developing only high potential employees as and when some business requirement arises and ignores the aspirations of employees.

Organizations following the cultural perspective of talent management focus on developing talent of every individual in the organization and consider talent to be a mindset. As per the change management perspective, talent management is used to bring change in the organization as a part of strategic human resource initiative.

In contrast to developmental perspective, competitive perspective considers what talented individuals demand and understand their aspirations. The focus of human resource planning perspective is on proper deployment of employees. This perspective also assigns high importance to succession management within an organization.

Depending on the need and management philosophy, an organization can adopt any one of the six perspectives to talent management. But the research also suggested that human resource planning perspective is more suitable for fast growing companies and competitive perspective is suited in case of companies offering professional services. For successful implementation of talent management in any organization, a continuous commitment from

all levels of the organization is required and its implementation cannot be handled by human resource department alone (Laff, 2006).

2.2 CHALLENGES ASSOCIATED WITH TALENT MANAGEMENT

Talent crunch appears to be most prominent challenge faced by most of the organizations (Manpower Inc., 2006). This study was conducted on 33,000 employers from different companies across 23 countries and results showed that most of the companies were facing a talent crunch. Companies were finding it difficult to fulfill positions in their organizations due to lack of talent in their respective labor markets. Talent shortage has become an area of serious concern for corporates globally, who are fighting over a shrinking talent pool, even in countries like India with more than 1.2 billion population. A survey conducted by DNA (2016) highlighted that 34 percent of Indian employers were troubled with the problem of talent shortage and this number was even higher in case of China at 40 percent. Ready & Conger (2007) in a study of forty companies around the world found that talented employees were insufficient to fill strategic position of the companies in future.

Mismanagement of talent management is also an area of concern for many companies (Cliffe, 1998). Businesses are not able to develop and retain employees for future positions. It has been witnessed that there is continued scarcity of professionals who would be ready to fill critical positions or leadership roles. In a study conducted by Guthridge et al. (2006) a mismatch was found in business and talent management strategies, clearly indicating that business outcomes were not kept in mind while taking talent related decisions.

Management teams in organizations, opting to adopt the talent mindset, need the capability to recognize valuable employees and should have the ability to offer talent with required training and development opportunities to retain them over long term basis (McCauley & Wakefield, 2006). In the Indian IT sector, Alawadhi & Mendonca (2017) found that companies have been spending millions to retrain their workforce but the mid-level group are most resistant to change. Mid-level employees are facing an uncertain future brought about by automation and newer technologies.

Talent mindset in organizations poses two challenges, of tracing talented persons and to retain talent at appropriate positions. Focusing on talent attraction, Smith (2010) highlighted that employers face major difficulty with identifying talented people. The study revealed that eighty-five percent of HR executives find it most challenging to manage organizational workforce and experience challenge in recruitment and retention of quality employees.

Vorhauser-Smith (2014) conducted a study in Southeast Asia and identified talent attraction challenges being faced by companies in the region. Findings highlighted that poaching is used as quick fix by companies to hire advanced skills and companies face an ever-increasing employee expectation of higher salaries and other benefits. Potential hires give first preference to premier brands and companies had to work under continuous pressure as their talent could be poached by rival firms.

According to Cappelli (2008), companies need to understand the costs and benefits of talent management choices. The main risk for the business in terms of talent management is mismatch between the supply and demand of employee's skills. In this scenario, investments in talent development call for a cost-benefit analysis.

In a study conducted on executives in financial service companies in the New York area, Capelli & Hamori (2013) found that when approached by a job search firm, more than half of the executives were willing to consider a new job at a different company. Individuals were found more prone to search for a new job when they found less certainty in their current roles and also, they had a broader career experience. Exit of experienced employees results in loss of investment on their training and development.

Another challenge in talent management is the retention of quality employees. Quality employees are difficult to retain in organizations having non-conducive working environment. Organizations need to identify their talented employees or employees with leadership potential for future senior positions and should have proper practices in place to maintain continuous commitment of such talent to their job and organization. Talent retention can be done by crafting jobs tailored to motivate talent across the organization which help them in their development (Cappelli, 2000).

Swales & Blackburn (2016) in a survey of one public sector organization in northern Europe highlighted the importance of transparency in management decisions as one of the major challenges in retaining talented employees. This study emphasized on communicating the value of talent management to employees. Talent related decisions should be clearly explained to the affected employees with rationale. Before screening employees in and out of the talent pool, reasons and approach towards the same needs to be clearly communicated. The findings highlighted that employees included in talent pool, in comparison to excluded employees, were more positive about their future prospects within the organization. Employees outside the talent pool carried a strong perception of unfairness and complained about less support, in the form of employee development, from the organization. The results of the study indicated a need of pre-implementation assessment of talent pools to understand employee reaction to talent pool design.

Talent deployment is another challenging dimension for talent management. Each individual employee brings in a talent set that fits a particular job profile and if the same individual is put in a job that does not match his/her skills, it will lead to uneasiness. Such a problem appears when talent deployment is ineffective. Human resource executives need to ensure proper placement of a candidate with prudence and caution. Appropriate talent deployment helps in retention of talented employees (Ashton & Morton, 2005).

One of the main challenges of talent management is the lack of research studies on the employee perspective of talent management. Ready & Conger (2007) in a study across forty companies around the world found that employees were not having a clear picture of their talent management system. Organizations also face a challenge where employees are not convinced with organizational talent management efforts. Few studies have tried to understand the perception of employees regarding talent management efforts. In one such study, Thunnissen (2016) in order to contribute to building a broader approach to talent management, collected data on talent management policies and practices from five Dutch university departments in a longitudinal research design. The study highlighted a different perception of both employees as well as the organizations toward the intended value of talent management. For the university, talent management is effective because it is able to implement a system that meets its needs. For the employees, talent management carries less value.

as it is not sufficiently addressing their needs. This study clearly points a need to consider employee perspective in a study of talent management.

2.3 EFFECTIVENESS OF TALENT MANAGEMENT

Every organization needs to evaluate the worth of each investment and talent management is not an exemption to this principle. Effective talent management ensures success of an organization in continuously changing business environment. The bottom line is to attract and retain employees who are crucial for business success. Employee turnover is one of the most important factors giving rise to the need for talent management and organizations are continuously searching for committed employees (Li, 2004). Cappelli (2000) found that talent management practices need to ensure continuous commitment of talent to their organization. Out of the various elements required among employees identified as 'talent', one crucial element identified is commitment Ulrich (2007).

Organizational commitment is a bond or psychological attachment felt by an employee for the organization that results in loyalty to the organization. It highlights the strength of an employee's identification with and involvement in the work organization (Porter et al., 1974). It reflects the degree to which an employee internalizes organizational perspectives (O'Reilly & Chatman, 1986). Mowday, et al. (1982) viewed organizational commitment as comprising, attitudinal commitment and behavioral commitment. Attitudinal commitment has been described as an employee mindset to relate with goals and values of employing organization and behavioral commitment highlights an employee's intention to stay with the employing organization. In line with attitudinal and behavioral commitment, Meyer & Allen (1991) conceptualized a three-dimensional model of organizational commitment including affective commitment, continuance commitment, and normative commitment.

Affective commitment relates to an employee's emotional attachment with the job and signifies how much an employee is motivated to stay with the present organizations (April, 2008; Srivastava, 2005; Cohen, 2003). Affective commitment has been found as an effective parameter to evaluate talent management efforts in a joint study conducted by Brouwer et al. (2010). Affective commitment has been observed as a consistent parameter to predict employee turnover intentions (Somers, 1995; Wasti, 2003).

Employees having affective commitment spread positive word of mouth about their organization in the market and help organizations to expand their talent pool by encouraging others to join their organization. Employees who are characterized with high level of affective commitment experience strong workplace relations and low turnover intentions (Gellatly et al., 2014). Affective commitment minimizes role conflict and role ambiguity among employees; and results in agreement between organizational and individual's goals resulting in job satisfaction (Bang, 2007; Hawkins, 1998). Affective commitment increases the probability of employees to do their focal work and go beyond organizational obligations to fulfill job related duties (Kabene, 2011; IRMA, 2012).

Work life of an individual passes through evolutionary phases called as career stages and commitment towards an organization differs across career stages of employees (Levinson, 1986). The Home Depot, a home furnishing retail giant has started to focus its staffing activities on older employees. The management of the company feels that older employees are more committed and stable (Lockwood, 2006). A direct positive correlation of age with affective commitment was found by Angle & Perry (1981) and Mathieu & Hamel (1989). It means that as the age of employee increases so does the level of affective commitment. However, Morrow & McElroy, (1987) and Allen & Meyer, (1993) discovered a curvilinear relationship between employee age and affective commitment. While the employees tend to show high levels of affective commitment during their young age, commitment levels decline for employees during their mid ages and as they enter into their old age, affective commitment increases.

2.4 TALENT MANAGEMENT INDEX

Tracking the effectiveness of talent management practices can help organizations in fine tuning their practices to get the desired results. For measuring the effectiveness of talent management, companies use different types of assessment tools. These tools can vary from a simple one metrics tool to multiple metrics with equal or different weightages tools.

To examine the effect of talent management on organizational performance, Kehinde (2012) collected primary data from 16 top level managers. The study based the effectiveness of talent management upon the financial performance of the firm. Return on

investment was the single parameter considered to evaluate talent management effort of the company. As per this research firms with high return of investment can be considered as having effective talent management practices.

MCS Consulting (2012) developed a tool to collect, measure and report the impact of key talent management practices. The tool comprised of twenty-eight questions rated on a five point likert scale related to talent management practices. The talent management index evaluated implementation of TM practices from the leader's viewpoint. The respondents to these 28 questions were managers and executives. The judgement was based on the sum of mean score gained from twenty-eight items.

SABA (2014) proposed an index to hold senior management responsible for managing talent. The proposed index comprised of five different metrics namely new hire performance, % of high performers, employees relative upward and lateral mobility i.e. career path ratio, workforce cost and turnover rate. The metrics were proposed to be calculated on individual manager basis. Depending on the importance and impact of metrics to a concerned organization, a weight was to be assigned to each metrics in the index. This proposed index was able to analyze and evaluate talent management practices related with recruiting, employee mobility, performance management, training and development, and turnover. The formula proposed for talent management index is listed below.

Talent Management Index = $W_1(\text{Key metrics}_1) + W_2(\text{Key metrics}_2) + \dots + W_5(\text{Key metrics}_5)$, where W signifies weight of key metrics based on its importance to organization.

In order to remove guesswork in developing talent management capabilities, BCG (2016) proposed an index to quantify leadership capability in an organization. Talent management and leadership capabilities were divided into six categories of strategy, leadership model, talent sourcing, development, engagement and culture. This index comprised of twenty statement on standard scale for which a mean score was to be calculated. Depending on this mean score, three categories were created. High scoring companies are named as talent magnets and low scoring companies are called talent laggards.

Derry (2008) studied role of work life balance in reducing employee turnover in the hospitality and tourism industry. Findings of the study highlighted the use of work life balance as a metrics to study effectiveness of talent management. Phillips & Roper (2009) studied talent management in the real estate sector. The study proposed a framework with five key elements of attracting, selecting, engaging, developing and retaining employees to provide a holistic approach in achieving competitive advantage. Findings suggested that, using this framework real estate practitioners would be able to measure performance on all fronts and attract and retain talent in an increasingly competitive market.

2.5 RESEARCH GAP

The importance of talent management is more than ever before because of intense competition due to which there is a virtual scramble of 'talent' which is considered a major source of competitive advantage. As the organizations, will become more knowledge intensive, still more emphasis will be placed on talent management practices. It is evident from the reviews presented above that attempts have been made to examine talent management practices across various sectors. However, not much effort has been made to analyze talent management practices across banking, retail and hospitality sectors in the Indian context. Existing literature does not elaborate upon the challenges of talent management as perceived by employees, particularly in Indian business context. Most of the existing studies reviewed have not comprehensively explored different components of talent management. Only few studies have explored relative importance of various talent management components for employees. A need has also been felt for development of a more comprehensive index to measure effectiveness of talent management practices considering the perspective of employees, their challenges and their affective commitment.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter presents particulars of research methods used in the study. The initial sections describe the need, scope of study, objectives and major hypothesis of the study. Methodological aspects of the study including type of data, sampling method, data collection, instrument development, instrument administration and sample description have been explained in the later sections of this chapter.

3.1 NEED AND SCOPE OF THE STUDY

The idea of managing talent is not new, the need for talented employees has always been existent. However, the crisis of talented employees has struck the corporate world only in recent times, due to the changing paradigms of workforce in the present era. With mobility, no longer a concern for career oriented workforce in general and shift in the mindset of the Gen Y (in terms of 21-39 years old employees), retaining talent is becoming a critical task of human resource managers. This has led to a global war amongst corporates for attracting & retaining talent and devising aggressive talent management practices into their systems. All these factors have brought talent management as an important focus of research. The present study was conceptualized due to this very fact. A thorough analysis of literature reveals that companies are facing talent crunch in the present competitive era which has put pressure on them to attract the best talent. Corporates need to ensure that talented people join the company and choose to stay with them rather than finding opportunities elsewhere. One out of every four persons employed in organized sector of India is actively searching for an alternative employment and this figure makes India a country having highest global attrition rate (Biswas, 2013). Retaining employees has become more important than ever to Indian corporates facing high attrition rates touching 14 per cent (PTI, 2014). This figure of 14 per cent attrition rate seems more alarming when 64 per cent of Indian employers are facing talent shortage, compared to global talent shortage of 36 per cent (PTI, 2014). These figures point to the dire need of Indian corporates for increasing employee loyalty and reducing employee turnover, therefore highlighting the need for managing talent. In the

literature reviewed, many researchers have defined talent management with diverse views but not many studies have tested the concept empirically. None of the studies reviewed have comprehensively explored various components of talent management. Few studies have explored relative importance of talent management for employees. Apart from this the existing studies have not been able to address the issue of identifying the value of various talent management components and the weightage they carry for the employees. The issue regarding the effectiveness of talent management practices has also not been touched upon from the perceptual perspective of employees and management.

This study gains direction from the above cited gaps, and intends to explore further the talent management practices, adopted by corporates, effectiveness of talent management practices and the challenges faced by both organizations and employees in moving towards a work organization based upon talentship. Given the relevance of the topic of talent management practices in the service sector, the beneficiaries of this study will be corporates, practitioners and academicians who are interested in exploring the field of talent management.

3.2 OBJECTIVES OF THE STUDY

The study was aimed at exploring in detail the following objectives in the context of talent management practices in service sector:

- a) To assess the relative importance of various components of talent management for the employees.
- b) To evaluate the effectiveness of talent management practices used by organizations to manage talent.
- c) To identify the challenges of talent management, both for organization as well as employees, with respect to service sector.
- d) To compare the talent management practices in different verticals of the service sector.
- e) To explore the possibility of developing an index to measure the effectiveness of talent management practices.

Relative importance of various components of talent management was to be assessed from the perspective of employees, while effectiveness of talent management practices was to be measured by evaluating the affective commitment level of employees. Next objective of this research was to identify the challenges of talent management both for organization as well as employees of service sector. In fourth objective, the idea was to perform a comparative analysis of talent management practices in different sectors under study. In last objective, an attempt was made to create an index to measure effectiveness of talent management practices comprising of three constituents i.e. profile on affective commitment of employees, relative importance of talent management components to employees and talent management challenges to employees.

3.3 HYPOTHESIS

The following null hypothesis were framed for the study:

H₀¹: There is no significant difference in the perception of employees regarding the importance of various components of talent management.

H₀²: There is no significant difference in effectiveness of talent management practices deployed in different verticals.

H₀³: There is no significant difference in talent management practices of different verticals of the service sector.

3.4 RESEARCH DESIGN AND METHODOLOGY

A survey design was chosen to achieve the research objectives. A cross-sectional design was used, where a sample was drawn from a population at one time (Zechmeister et al., 1997). On the whole, the study was descriptive in nature.

3.4.1 Survey of Secondary Sources: Exhaustive survey was undertaken in order to get a complete understanding of the concept of talent management, its operation and implications. Most of the literature has been reviewed through several books and journals available online and in A. C. Joshi Library at PU, Chandigarh. The

secondary data was helpful in understanding the domain of talent management and gave the most vital strategic direction to the present study.

- 3.4.2 **The Study Population:** Service sector has been selected for the study as it is emerging as a major contributor to national income, trade flows, FDI inflows, and employment (Union Budget, 2014). Share of Indian service sector has grown from 45.695 per cent of GDP in 1991 (Sirari & Bohra, 2011) to 66.1 per cent of GDP in 2015-16 (Ministry of Finance, 2016). The study focused on all levels of employees in the organized service sector.
- 3.4.3 **Sample Size and Selection:** Sample survey was conducted for the purpose of present study to collect first hand data from respondents. The very large size of universe and quantitative character of data were two important considerations in favor of sample survey method. The sample was drawn from four verticals of service sector i.e. banking, information technology enabled services (ITES), hospitality and retail contributing (contribution to GDP 21.6%, 9.6%, 12.6% and 10% in that order). The geographic spread of the sample was limited to the states of Punjab, Haryana and union territory of Chandigarh. Top 5 organizations were selected from each vertical on the basis of their market capitalization using data from the Capitaline database. In order to ensure that systems in sample organization have stabilized so only those having 10 years of existence, or having workforce of 100 or more were included in the sample. Multistage sampling design was used for this survey. In the first stage four sectors and twenty companies i.e. five from each sector were identified on the basis of market capitalization and then within selected companies data was collected using judgment sampling. Two approaches were used for data collection by stratifying employees into two cadres, namely, managerial and staff. Responses were sought from 10% of employee's strength up to maximum of twenty-five employees, belonging to the non-managerial cadres/staff and two officials from managerial cadre from each organization in the sample. So, in case of non-managerial cadre's responses were collected from 500 staff and in case of managerial cadre 40 responses were sought.
- 3.4.4 **The Research Instrument:** Primary data in the form of the response from employees of managerial and staff cadres, which was of immense importance and

backbone of the study, was obtained from respondents with the help of two self-made structured questionnaires.

3.4.5 Development of the Instrument: The instrument used for this study was prepared after a thorough review of literature. The first step was to develop a clear understanding of what exactly falls within the construct domain and what does not. To draw the boundaries of what is to be included and what is to be omitted, a comprehensive review of literature on talent management was undertaken. In the process components and practices as identified and used by various researchers and consultants were compiled. Two separate research instruments were designed i.e. for management cadre and staff cadre. Instrument comprised of three parts for management cadre and four parts in case of staff cadre. The research instrument broadly comprised of following sections:

- **Relative Importance of Talent Management Components:** Questions included in this section related to the nine components of talent management i.e. talent strategy and governance, talent identification, talent deployment, career planning and succession management, talent assessment, talent acquisition, performance management, talent development and talent retention. In order to precisely understand the relative importance of various components of talent management two kind of scales were used. Employees were asked to rank the nine parameters on the basis of importance of each to them and each component of talent management was also measured using 5 point likert scale comprising of ‘very important’ to ‘Not at all important’ dimension.
- **Effectiveness of Talent Management Practices:** To evaluate of effectiveness of talent management practices, a study of organizational commitment level among employees of different organizations under study was undertaken. Organizational commitment was measured via the 15-item Organizational Commitment Questionnaire (OCQ) version of Mowday, Steers & Porter (1979). OCQ is a widely-used measure of affective commitment reflecting two sub scales (i) commitment towards goals and values of employing organization, (ii) employee intention to maintain organizational membership (Angle & Perry, 1981). Affective commitment has been found as an effective parameter to evaluate talent

management efforts in a joint study conducted by Brouwer et al. (2010). Affective commitment has been observed as a consistent parameter to predict employee turnover intentions (Somers, 1995; Wasti, 2003).

- **Challenges of Talent Management:** This part of instrument dealt with challenges faced by employer as well employees in organizational talent management practices. Response was sought on 5 point likert scale comprising of ‘strongly agree’ to ‘strongly disagree’ dimension.
- **Talent Management Index:** An index was proposed to measure effectiveness of talent management practices comprising of three constituents i.e. affective commitment of employees, perceived relative importance of talent management components to employees and talent management challenges to employees. The weightages to be assigned to each constituent of index were collected using the expert opinion of managerial cadre in selected organizations and academicians.
- **General Information:** This part consisted of items related to demographic information about respondents under study. Items related to age, gender, designation in the current organization, qualification, state and town of origin, work experience etc. were added in this part of questionnaire.

The next step was pre-testing of preliminary questionnaire. For clarity and ease of response a pilot study was conducted in which the instrument was administered on the 10% of the respondents (Bajpai, 2011; Connelly, 2008). Respondents were asked to complete the questionnaire so that potential difficulties and ambiguities can be eliminated. On receiving their suggestions, the draft was further improved in light of presentation of matter, and the appropriateness of the language of questions. This is how the final Instrument was developed for the use in study.

3.5 VALIDITY AND RELIABILITY OF THE INSTRUMENT

As researcher, must routinely measure the accuracy so as to produce authentic and consistent result. In the present study validity and reliability of the scale was measured. Validity of an instrument is done to confirm that instrument reflects the true difference on the characteristic that is being measured (Cronchback, 1971).

In the present study, multiple items for the questionnaire were developed that characterized the five objectives under study. The face and content validity was first done by extensive review of the relevant literature. Face Validity indicated that the instrument appears to be valid to the reader and since the validity of the instrument goes much beyond the appearance so content validity of instrument was also undertaken. Content validity implied that the items in the instrument measures all the facets of social constructs for which opinion are being sought (Lacity & Jansen, 1994).

Subsequently these items were submitted to five experts (three academicians and two members from industry) for evaluation. They rated each item for its consistency and also recommended additional items for the inclusion. After necessary corrections, the questionnaire was again submitted to same members. The items after second review were considered to have a high inter rater consistency with topics under study and were finally included in the instrument.

The reliability of the questionnaire was measured using Cronbach alpha based on the responses collected from 10 percent of the sample understudy. For all the items under study, objective wise reliability score was calculated and reliability was found to be more than 0.7 for all the items. The questionnaire was found to be both valid and reliable and was subsequently administered to the respondents.

3.6 ADMINISTRATION OF THE INSTRUMENT

After accessing the reliability and validity, the final instrument was administered using a combination of personal and e-mail method. The questionnaire was prepared in hard copy and was also put online using service of survey monkey. Visits were made to selected companies to get responses and wherever it was possible a link of the survey was sent through email for getting the responses. However, in spite of necessary follow-ups, over a period of 10 months from staff only 457 usable responses could be collected i.e. approximately 92 % of the targeted response but in case of managerial cadre against the required 40 responses, 42 were received with all being useable.

3.7 SAMPLE DESCRIPTION

The list of organizations selected from four sectors for data collection has been listed below:

Table 3.1: List of Companies

SECTOR	NAME OF COMPANY/ORGANIZATION
RETAIL	Westside Bigbazaar Shoppers stop V-mart Provogue
INFORMATION TECHNOLOGY / INFORMATION TECHNOLOGY ENABLED SERVICES	Tata consultancy services Infosys Wipro HCL Tech Mahindra
BANKING	HDFC bank ICICI bank Axis bank Kotak Mahindra bank Indusind bank
HOSPITALITY	Leela hotel Trident hotel Taj GVK hotel Lemon Tree Country club

The details to demographics of respondents under study in case of managerial cadre are:

Table 3.2: Sample Description of Managerial Cadre

Demographic Variable	Levels	Number of respondents
Gender	Male	34
	Female	8
Age	>25 up to 35 years	34
	>35 up to 45 years	8
Work Experience	Up to 5 years	3
	6 to 10 years	27
	11 to 15 years	9
	More than 15 years	3

The details to demographics of respondents under study in case of staff or non-managerial cadre are:

Table 3.3: Sample Description of Staff

Demographic Variable	Levels	Number of respondents
Gender	Male	370
	Female	87
Age	>25 up to 35 years	422
	>35 up to 45 years	35
Work Experience	Up to 5 years	301

	6 to 10 years	133
	11 to 15 years	20
	More than 15 years	3

The filled in questionnaire were then checked for completeness and were analysed. The analysis of data and interpretation of results are presented in the next chapters.

CHAPTER 4

RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES

Organization and its employees are two crucial participants in talent management. An understanding of employee perspective towards talent management can help organizations to capture both the “hearts” and “minds” of today’s work-force. A number of studies are available on organizational view of talent management but for employee perspective towards talent management, literature is not that supportive. Taking cues from literature studies, like one conducted by Thunnissen (2016) which placed great emphasis on considering the perception of employees towards talent management and to better understand the employee perspective, the present analysis was undertaken.

To learn about the perception of employees towards different components of talent management, employees were asked to rank the nine components of talent management based on the importance of each component to them. These nine components of talent management comprised of talent strategy and governance, talent identification, talent assessment, talent acquisition, talent development, talent deployment, performance management, career planning and succession management and talent retention. In order to find out the relative importance of talent management components from the perspective of employees, descriptive statistics were applied.

For better understanding of employee perception towards talent management components, the analysis has been broadly divided into three parts i.e. first being comprehensive perception of employees, then vertical wise perception and third being demography wise employee perception. In case of demography, employee age, employee gender, employee experience and employee qualification wise analysis has been considered.

Table 4.1 depicts the average mean score assigned by employees of service sector to the nine components of talent management as per their perception of importance of each component.

Table 4.1: Mean Score of Employee Importance Assigned to Talent Management Components

	Mean	Std. Deviation
Talent strategy and governance	3.5783	2.21010
Talent identification	4.0285	2.48292
Talent assessment	3.9487	2.49976
Talent acquisition	5.1083	2.43304
Talent deployment	5.6752	2.25577
Talent development	4.9744	2.39688
Performance management	5.3504	2.63921
Career planning and succession management	5.7066	2.66017
Talent retention	6.4558	2.10378

Out of the nine components of talent management, component of talent retention is most important to service sector employees. This highlights the perception of employees that management should retain employees through practices of fair remuneration, opportunities for growth, challenging assignments and work life balance (Oladapo & University, 2014). Employees in service sector assigned least importance to component of talent strategy and governance among all the talent management components. Employees felt to be left apart while deciding the strategic orientation of the organization by top management. This situation clearly exhibits non-alignment of employees with business strategy (The Huffington Post, 2013). Employees were not much concerned about whether organizations acknowledge the importance of talented employees for future success of business or not. Employees had also been found to care less about organization’s forecasting of how many employees, for what kind of job profiles and with which kind of skills would be required in future years by their respective organizations.

After talent retention, employees had been found to put great emphasis on career planning and succession management component of talent management. Employees expect their organizations to offer them with clear career path options with developmental opportunities to ensure a fulfilling career progression. Employees expect that their organizations should put high importance to development of individuals with a high potential for taking on leadership positions in the organization.

The third most important component of talent management as per employees was found to be talent deployment. Employees perceived that it was highly important to them for being assigned a job that best matches their potential. Further in order of relative importance, talent deployment was followed by performance management, talent acquisition and talent development in that order. Table 4.2 offers an overview of talent management components to employees based on their importance to them.

Table 4.2: Importance of Talent Management Components to employees in descending order

RANK	COMPONENT
1	TALENT RETENTION
2	CAREER PLANNING AND SUCCESSION MANAGEMENT
3	TALENT DEPLOYMENT
4	PERFORMANCE MANAGEMENT
5	TALENT ACQUISITION
6	TALENT DEVELOPMENT
7	TALENT IDENTIFICATION
8	TALENT ASSESSMENT
9	TALENT STRATEGY AND GOVERNANCE

4.1 RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES ACROSS FOUR VERTICALS OF SERVICE SECTOR

To understand the perception of employees across verticals of banking, IT & ITES, retail and hospitality, a vertical wise analysis was under taken to understand the differences in importance assigned to various components of talent management by employees. Table 4.3 represents the mean score of importance assigned by employees to talent management components in their respective vertical.

Table 4.3: Mean Score of Employee Importance Assigned to Talent Management Components Across Four Verticals of Service Sector

	Banking Sector	IT & ITES Sector	Retail Sector	Hospitality Sector
Talent strategy and governance	3.7091	3.3208	3.5909	3.5179
Talent identification	3.3818	4.3208	4.4848	4.9107
Talent assessment	3.2364	4.1509	4.1515	3.8750
Talent acquisition	5.6000	5.2453	4.8788	4.3036
Talent deployment	6.1818	5.6981	5.7727	5.0714
Talent development	4.4000	5.4340	5.0455	4.8929
Performance management	5.0364	5.8302	5.2879	5.4643
Career planning and succession management	6.6182	4.8491	5.4394	6.0714
Talent retention	6.7091	5.8302	6.2879	6.7500

Table 4.4: Vertical Wise Importance of Talent Management Components to Employees in Descending Order

Banking Sector	IT & ITES Sector	Retail Sector	Hospitality Sector
Talent retention	Performance management & Talent retention	Talent retention	Talent retention
Career planning and succession management		Talent deployment	Career planning and succession management
Talent deployment	Talent deployment	Career planning and succession management	Performance management
Talent acquisition	Talent development	Performance management	Talent deployment
Performance management	Talent acquisition	Talent development	Talent identification
Talent development	Career planning and succession management	Talent acquisition	Talent development
Talent strategy and governance	Talent identification	Talent identification	Talent acquisition
Talent identification	Talent assessment	Talent assessment	Talent assessment
Talent assessment	Talent strategy and governance	Talent strategy and governance	Talent strategy and governance

With the objective to compare the rank scores of employees' evaluations across four verticals of service sector, following $H_0^{4.1}$ was framed.

$H_0^{4.1}$: The ranks of all talent management components across verticals are same.

The hypothesis was tested using Friedman test as the data represented a randomized block design and employee evaluations were ordinal in nature.

Table 4.5: Comparison of Employee Rankings of Talent Management Components across Four Verticals of Service Sector

Chi-Square	.662
df	3
Asymp. Sig.	.882

It has been observed that there was a no statistically significant difference in the perceived importance of talent management components by employees across the four verticals of service sector with $\chi^2(2) = 0.662, p = 0.882$.

The visible difference in the ranks is statistically insignificant, however talent retention is perceived as the most important component of talent management by employees of service sector organizations across all the four verticals. The respondents comprised of middle and lower level employees and as per them fair remuneration coupled with growth opportunities, challenging assignments and work life balance should be the parameters to retain talent within private sector service organizations. In case of information technology and information technology enabled services vertical, the component of performance management has been given equally high importance by employees as to component of talent retention. In this sector, employees were found to be assigned with new projects on frequent basis. Employees were highly concerned about key performance indicators of each project assigned to them and favored an assignment (project) based performance review and measurement system. As per employees such performance management practices help them with role clarity and understanding organizational expectation from

them in a better manner, making the component of performance management important to them.

Infosys India, understanding the importance of this component for employees, has bid farewell to traditional annual performance appraisal system. In Infosys, the concept of iCount has been initiated to reward individual performers based on specific projects. In Infosys, employees are subject to continuous feedback and reviews throughout the year depending upon on the kind of projects they handle. As soon a project is completed, the performance of employees handling such projects is appraised (Sen, 2016). This approach of Infosys has helped the company in better management of talent due to higher focus on individual performance rather than relative performance. After IT and ITES sector, performance appraisal was found to be given high importance score among employees of Hospitality sector. Due to severe competition in hospitality sector, organizations were found to put a lot of emphasis on customer satisfaction. One major parameter of satisfaction measurement was found to be number of complaints by customers. Employee with good track record were found to be benefited with promotions, increments and awards. Third in line importance were retail sector employees. Retail sector employees were found to go through annual review system, based on which their salary hikes and promotions were dependent. Banking sector employees found performance management to be an important component of talent management but assigned least importance to this component compared to employees in other three sectors. A reason of same could be a fixed percentage of increments every year.

For the component of career planning and succession management, a high importance score has been observed among the employees belonging to banking and hospitality sector. Employees in these two sectors were observed to have a relatively long term vision to stay with their existing organizations as compared to employees in the IT and ITES sector. Employees in banking as well as hospitality sector were found to be concerned about having a clarity about their career paths and both seek support from their respective organizations in form of learning and development opportunities to ensure satisfying career progression. Relative to the other two sectors, in banking as well as hospitality employees

felt that individuals with a high potential should be developed by their organization for taking on leadership positions in future.

Putting an employ to do a job that best matches employees potential is taken seriously by employees across all four verticals of service sector under study i.e. Right person at right job. But in case of retail sector this component was somewhat more important as compared to rest three verticals. In retail sector demand was found to be high for technically strong hands. All the big retail houses were searching for opportunities to move online because people are moving to online buying. Retail employees also felt logistic related jobs to be very important in their organizations. Employees having demanded skills were found to be highly concerned about their deployment in the organization. In case of banking and IT & ITES verticals employees were very clear about the fact that proper job deployment will lead to better career opportunities as employees will be able to show their true potential.

Employees in banking sector felt that attracting, recruiting and hiring talented employees was an important component to manage talent. This component of talent management also found importance with IT & ITES, Retail and Hospitality, in that order.

In IT & ITES vertical of service sector, employees assigned relatively high importance to the component of talent development, compared with other three verticals. As IT sector being a dynamic sector with ever updating demand about new technologies, the employees felt providing training and development opportunities as per the requirement of job and interest of individual employee were of high importance to manage talented employees.

Talent strategy and governance was seen as least important component out of the nine components under study by employees of IT & ITES, retail and hospitality verticals of service sector to management talent. But, in case of banking vertical the component of talent strategy and governance was found to be relatively important to employees. Employees in banking vertical acknowledged the importance of talented employees for future success of their organizations and employees were also found to be concerned for kind of job profiles and skills required in future years from banking sector employees. As per employees banking vertical, in year to come, there would be shift in the private sector banking scenario with introduction of multi-layered banking structure in India. This new

multi-layered structure will demand for a more cautious talent governance and strategy in times to come.

Employees in banking sector also were concerned about the impact of technology in delivering products and services to customers. As per them the role of technology in banking sector will increase in coming times with initiatives like anywhere banking, which would put more emphasis on strategy and governance part of talent management. Some employees were also found to show concern for this component due to the consolidation of banks in India.

4.2 RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO MALES AND FEMALES WORKING IN SERVICE SECTOR

In order to further understand the differences between the perceptions of the male and female employees towards the importance assigned to the nine components of talent management, gender wise analysis was carried out. Table 4.6 depicts the importance assigned by both males and females to the different components of talent management.

Table 4.6: Gender Wise Mean Score of Employee Importance Assigned to Talent Management Components

	Female	Male
Talent strategy and governance	4.0164	3.4862
Talent identification	4.4590	3.9379
Talent assessment	3.5410	4.0345
Talent acquisition	5.3443	5.0586
Talent deployment	6.0164	5.6034
Talent development	5.1803	4.9310
Performance management	4.6885	5.4897
Career planning and succession management	5.2951	5.7931
Talent retention	6.3443	6.4793

Table 4.7: Gender Wise Importance of Talent Management Components in Descending Order

Males	Females
Talent retention	Talent retention
Career planning and succession management	Talent deployment
Talent deployment	Talent acquisition
Performance management	Career planning and succession management
Talent acquisition	Talent development
Talent development	Performance management
Talent assessment	Talent identification
Talent identification	Talent strategy and governance
Talent strategy and governance	Talent assessment

Upon application of Friedman’s Test, no statistically significant difference was observed in the perceived importance of talent management components across genders with $\chi^2(2) = 0.500$, $p = 0.480$. However, talent retention has been attributed as the most important component of talent management by male as well as female employees under study. Employees across both genders feel that fair remuneration by the organization, opportunities for personal growth, challenging assignments and appropriate work life balance would help their organizations to best manage employee talent.

Career planning and succession management found more importance with males as compared to females. Males were relatively more concerned with organizational philosophy of managing learning and development of employees. Males were of the view that there should be different and specific learning opportunities available for high performing employees and accelerated promotions should be offered to such employees.

Female employees assigned marginally more importance to talent deployment than males, but this component was found to be playing an important role in the perception of both genders. Employees were of the view that organizations will be able to best manage their talent by assigning the employees their preferred job i.e. putting the right person on right job. This concern was found more important with retail vertical female employees.

The component of talent acquisition i.e. attracting, recruiting and hiring talented employees was found more important by females as compared to males in handling talent management effort of an organization. Females showed more concern for employer's brand as it ultimately affects their value in the job market.

In case of male employees across four verticals of service sector, components of talent identification and talent assessment had been found low on the radar of importance whereas talent strategy and governance has been given least importance by the male employees working in service sector. Male employees were found to be less concerned with the effect of strategic level decisions on the talent management of an organization.

Females employee's contrary to male, assigned least importance to talent assessment component i.e. assessing employee capabilities on the basis of his/her suitability or eligibility, talent strategy and governance and talent identification in that order.

4.3 RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES ACROSS DIFFERENT AGE CATEGORIES

A comparative analysis of relative importance of talent management components was undertaken considering employees across four age categories. These four age categories comprised of employees having age > 25 years, <25 to > 35 years, <35 to >45 years and employees having age more than 45 years.

It is noticeable that responses of the respondents varied as per the logical priorities of different age groups. The responses clearly highlighted immediate concerns of a particular age group while later concerns were related to lower ranks.

Table 4.8: Age Wise Mean Score of Employee Importance Assigned to Talent Management Components

	> 25 years	<25 to > 35 years	<35 to >45 years	<45 years
Talent strategy and governance	3.7723	3.4825	1.9091	3.7500
Talent identification	4.5842	4.0702	4.0909	3.5000
Talent assessment	3.8713	3.9035	3.5455	3.5000
Talent acquisition	5.1485	4.8684	4.9091	5.0000
Talent deployment	5.5842	5.7544	5.6364	6.2500
Talent development	4.8911	5.0965	3.8182	5.0000
Performance management	5.1683	5.3947	7.0000	6.7500
Career planning and succession management	5.4950	5.9386	6.5455	4.0000
Talent retention	6.2871	6.3421	7.6364	7.2500

**Table 4.9: Age Wise Importance of Talent Management Components by Employees
in Descending Order**

> 25 years	<25 to > 35 years	<35 to >45 years	<45 years
Talent retention	Talent retention	Talent retention	Talent retention
Talent deployment	Career planning and succession management	Performance management	Performance management
Career planning and succession management	Talent deployment	Career planning and succession management	Talent deployment
Performance management	Performance management	Talent deployment	Talent acquisition
Talent acquisition	Talent development	Talent acquisition	Talent development
Talent development	Talent acquisition	Talent identification	Career planning and succession management
Talent identification	Talent identification	Talent development	Talent strategy and governance
Talent assessment	Talent assessment	Talent assessment	Talent identification
Talent strategy and governance	Talent strategy and governance	Talent strategy and governance	Talent assessment

Upon application of Friedman's Test, no statistically significant difference was observed in the perceived importance of talent management components across four age categories with $\chi^2(2) = 0.046$, $p = 0.997$. However, talent retention remains the top priority of employees in the four different age categories under study, highlighting the fact most employees felt, fair remuneration, opportunities for growth, personal growth, challenging assignments and appropriate work life balance were important for effective talent management in their organizations.

Next in order of importance for employees in less than 25 years' age category was talent deployment, highlighting their anxiety for right fit of the job with their interest and capability which ensures long term career success. In case of employees with <25 to > 35 years' age category, who are seeking more clarity in their career paths after a few initial job hopping's, the component of career planning and succession management was important. With employees having age more than 35 years, performance management was rated to be important as improvement and consistency in performance alone would ensure suitability as well as career progression.

Pattern of assigning importance to talent management components reveal that as the age of employee increases, the importance for the component of career planning and succession management decreases. Employees beyond 45 years' age bracket assigned relatively lower priority to career planning and succession management component as compared to their younger counter parts.

Talent deployment in general has reported fairly high priority among all age groups as it is a critical factor in ensuring performance standards. As in other dimensions of the analysis, talent identification, talent assessment and talent strategy and governance received the lowest priority in all the age groups.

4.4 RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES ACROSS DIFFERENT QUALIFICATION CATEGORIES

An attempt was also made to explore if qualification of employees could have a bearing on their perception about the importance of talent management. Three qualification categories

for employees were considered, namely, qualification up to 10+2, Under graduation and Post-graduation.

Table 4.10: Qualification Wise Mean Score of Employee Importance Assigned to Talent Management Components

	10+2	UG	PG
Talent strategy and governance	3.3103	3.3103	3.3117
Talent identification	4.5862	4.5862	4.2078
Talent assessment	3.9655	3.9655	3.7532
Talent acquisition	4.2931	4.2931	5.6623
Talent deployment	5.6207	5.6207	5.6234
Talent development	5.1207	5.1207	5.0519
Performance management	5.4655	5.4655	5.4286
Career planning and succession management	5.8793	5.8793	5.4675
Talent retention	6.6897	6.6897	6.2208

Table 4.11: Qualification Wise Importance of Talent Management Components by Employees in Descending Order

10+2	UG	PG
Talent retention	Talent retention	Talent retention
Career planning and succession management	Career planning and succession management	Talent acquisition

Talent deployment	Talent deployment	Talent deployment
Performance management	Performance management	Career planning and succession management
Talent development	Talent development	Performance management
Talent identification	Talent identification	Talent development
Talent acquisition	Talent acquisition	Talent identification
Talent assessment	Talent assessment	Talent assessment
Talent strategy and governance	Talent strategy and governance	Talent strategy and governance

Upon application of Friedman’s Test, no statistically significant difference was observed in the perceived importance of talent management components across genders with $\chi^2(2) = 0.3.6, p = 0.165$. However, talent retention remained the top priority of employees as per the results in this demographic category. While 10+2 and under graduate employees gave high priority to career planning and succession management, employees with post graduate degrees assigned relatively high importance to component of talent acquisition. This clearly demonstrates the concern of employees with lower academic qualification to gain clarity on their respective career paths as well their anxiety to understand the management mindset on issues relating to succession management. Talent deployment, performance management and talent development were next in line of importance for all the three categories thought with very minor variation in rankings.

As in case of previous dimension of analysis, talent strategy and governance and talent assessment were perceived of least importance in all the three categories.

4.5 RELATIVE IMPORTANCE OF TALENT MANAGEMENT COMPONENTS TO EMPLOYEES ACROSS DIFFERENT EXPERIENCE CATEGORIES

It was considered worthwhile to explore whether the length of experience could influence the relative importance assigned by employees to various talent management components. For this purpose, employees were divided into three experience categories as per Table 4.12 which depicts the importance assigned by employees across the three experience categories to the different components of talent management.

Table 4.12: Employee Experience Wise Mean Score of Importance Assigned to Talent Management Components

	Up to 5 years	5-10 years	More than 10 years
Talent strategy and governance	3.6763	3.1667	3.0000
Talent identification	4.4740	3.7143	3.7333
Talent assessment	3.8960	3.8095	3.6667
Talent acquisition	4.8266	5.4048	5.8000
Talent deployment	5.6243	5.7381	6.2000
Talent development	4.9133	5.0238	5.0667
Performance management	5.2832	5.7619	5.6667
Career planning and succession management	5.7977	5.7143	5.1333
Talent retention	6.3121	6.6190	6.7333

Table 4.13: Service Experience Wise Importance of Talent Management Components to Employees in Descending Order

Upto 5 years	5-10 years	More than 10 years
Talent retention	Talent retention	Talent retention
Career planning and succession management	Performance management	Talent deployment
Talent deployment	Talent deployment	Talent acquisition
Performance management	Career planning and succession management	Performance management
Talent development	Talent acquisition	Career planning and succession management
Talent acquisition	Talent development	Talent development
Talent identification	Talent assessment	Talent identification
Talent assessment	Talent identification	Talent assessment
Talent strategy and governance	Talent strategy and governance	Talent strategy and governance

Upon application of Friedman’s Test, no statistically significant difference was observed in the perceived importance of talent management components across employee experience categories based on number of year into job. However, as expected the component of talent retention held the top priority among employees across three categories, highlighting the employees’ anxiety for being retained and to ensure secure careers.

The component of career planning and succession management was perceived as highly important by respondents of least experience category while its relative importance decreased with increase in length of experience. This indicates that as employees gain experience and become more confident and clear about their career paths, other components like performance management and talent deployment etc. become more important. Talent deployment and performance management were next in order of importance for all the three categories with slight variations in ranks.

Across all categories of employees, components of talent identification, talent assessment and talent strategy and governance held low importance. Employees felt that identifying promising talent and grouping it as per skills and potential, assessing employee capabilities on the basis of their suitability and eligibility, and forecasting employee's requirements in future were relatively less important to them.

The above analysis reveals that with respect to perception of employees towards different components of talent management, there is no statistically significant difference in employee perception across four verticals of service sector. The visible difference in the ranks is statistically insignificant, however the component of talent retention is perceived to be the most important by service sector employees.

CHAPTER 5

EFFECTIVENESS OF TALENT MANAGEMENT PRACTICES

It is important to continuously evaluate the effectiveness of talent management practices in order to revamp them to match the evolving aspirations of the employees and the changing trends in the industry. The most pertinent measure to judge the effectiveness of talent management practices would be the affective commitment among its employees, which is also indicative of the probability of his leaving the organization. Affective commitment relates to an employee's emotional attachment with the job and signifies how much an employee is motivated to stay with the present organizations.

In the preset study, out of total respondents, 82.6 per cent were males and 17.3 per cent were females. 36.4 per cent respondents were from the age category of less than 25 years of age, 56.9 per cent were more than 25 years but less than 35 years, and remaining belonged to age category of more than 35 years. In case of total work experience 27 per cent respondents were having experience of less than 2 years, 63.8 per cent were having work experience of more than 2 years but less than 10 years and remaining respondents were having total work experience of more than 10 years. Within the study sample reliability of this scale was Cronbach's alpha of 0.664.

Table 5.1: 15-item Organizational Commitment Questionnaire (OCQ) with Means

S. No	Items	Banking	IT	Hospitality	Retail
1	I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.	4.37	4.37	4.46	4.39

2	I talk up this organization to my friends as a great organization to work for.	4.12	4.2	4.25	4.19
3	I feel very little loyalty to this organization. (reversed)	3.15	4.08	4.17	3.79
4	I would accept almost any type of job assignment in order to keep working for this organization.	4.07	4.13	4.21	4.21
5	I find that my values and the organization's values are very similar.	3.86	4.16	4.33	4.09
6	I am proud to tell others that I am part of this organization.	4.22	4.31	4.17	4.2
7	I could just as well be working for a different organization as long as the type of work were similar (reversed).	4.1	4.26	4.25	4.16
8	This organization really inspires the best in me in the way of job performance.	4.15	4.2	4.26	4.1
9	It would take very little change in my present circumstances to cause me to leave this organization (reversed)	4.1	4.08	4.29	4.06
10	I am extremely glad I chose this organization to work for over others I was considering at the time I joined.	4.16	4.25	4.39	4.23

11	There's not much to be gained by sticking with this organization indefinitely. (reversed)	3.59	4.14	4.23	3.86
12	Often, I find it difficult to agree with this organization's policies on important matters relating to its employees. (reversed)	4.18	4.03	4.13	3.98
13	I really care about the fate of this organization.	4.13	4.43	4.39	4.29
14	For me, this is the best of all organizations for which to work.	4.08	4.28	4.25	4.07
15	Deciding to work for this organization was a definite mistake on my part (reversed)	3.61	4.45	4.36	4.33

In order to check for effectiveness of talent management practices using the indicator of affective commitment level among employees across the four verticals of service sectors, following hypothesis was framed.

H₀^{5.1}: There is no significant difference in affective commitment level of employees across four verticals under study.

Data collected was found not to be normally distributed so analysis was completed using non-parametric test i.e. Kruskal-Wallis H Test.

Following assumptions were tested to check the applicability of the Kruskal-Wallis H Test.

- a. Dependent variable in these non-parametric test needs to be a scale variable. Dependent variable was commitment score of employees and it was a scale variable.

- b. Independent variable consisted of categorical variable having independent groups i.e. four verticals under study i.e. Banking, IT&ITES, Hospitality and Retail.
- c. There was independence of observations, i.e. no relationship existed among the observations in each group or among the groups themselves.

Table 5.2: Ranks of Employee Commitment Scores Across Verticals

Sector	Mean Rank
Banking	18.73
Hospitality	34.73
IT	42.87
Retail	25.67

Table 5.3: Test Statistics of Ranks of Employee Commitment Across Verticals

	Commitment Score
Chi-Square	16.365
Df	3
Asymp. Sig.	.001
<i>a. Kruskal Wallis Test</i>	
<i>b. Grouping Variable: vertical</i>	

A Kruskal-Wallis H test showed that there is a statistically significant difference in commitment score between employees of the different verticals, $\chi^2(2) = 16.365$, $p = 0.001$, with a mean rank commitment score of 18.73 for employees in Banking sector, 42.87 for employees in Information Technology sector, 34.73 for employees working in Hospitality sector and 25.67 for people employed in retail sector. As the value of $p=0.001$ was less than the alfa value of 0.05, so at 95% confidence interval, null hypothesis i.e. there is no significant difference in affective commitment level of employees across four sectors under study was not accepted.

The level of affective commitment is found to be highest among employees in the information technology and information technology enabled services vertical. Employees

in hospitality vertical stood at second place across four sectors and banking vertical witnessed the lowest score in employee affective commitment.

5.1 COMMITMENT TOWARDS ORGANIZATIONAL VALUES AND GOALS AND COMMITMENT TO STAY AMONG EMPLOYEES

In order to find more insights, based on the research of (Angle & Perry, 1981), the 15-item Organizational Commitment Questionnaire (OCQ) version of Mowday et al. (1979) was further divided into two scales, comprising of two type of sub factors of (a) Commitment towards organizational values and goals; and (b) commitment to stay.

Commitment towards organizational values and goals comprised of 10 items from the Organizational Commitment Questionnaire (OCQ) version of Mowday et al. (1979). Commitment towards organizational values and goals or some time referred to as value commitment refers to the feeling of pride in association with the organization. Value commitment is showcased in scale items like willingness to perform for the success of organization and congruence of personal values etc. Scale items used for comparing the value commitment among the four verticals are discussed in Table 5.4.

Table 5.4: Commitment Towards Organizational Values and Goals Items with Means

S. No	Items	Banking	IT	Hospitality	Retail
1	I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.	4.37	4.37	4.46	4.39
2	I talk up this organization to my friends as a great organization to work for.	4.12	4.2	4.25	4.19

3	I would accept almost any type of job assignment in order to keep working for this organization.	4.07	4.13	4.21	4.21
4	I find that my values and the organization's values are very similar.	3.86	4.16	4.33	4.09
5	I am proud to tell others that I am part of this organization.	4.22	4.31	4.17	4.2
6	This organization really inspires the best in me in the way of job performance.	4.15	4.2	4.26	4.1
7	It would take very little change in my present circumstances to cause me to leave this organization (reversed)	4.1	4.08	4.29	4.06
8	I am extremely glad I chose this organization to work for over others I was considering at the time I joined.	4.16	4.25	4.39	4.23
9	I really care about the fate of this organization.	4.13	4.43	4.39	4.29
10	For me, this is the best of all organizations for which to work.	4.08	4.28	4.25	4.07

In order to check for effectiveness of talent management practices using the indicator of value commitment level among employees across the four verticals of service sector, following hypothesis was framed

H₀^{5.2}: There is no significant difference in value commitment level of employees across four verticals under study.

Considering the non-parametric nature of data, Kruskal-Wallis H Test was applied to check equality of means.

Table 5.5: Ranks of Employee Commitment Towards Organizational Values

Sector	Mean Rank
Banking	12.60
Hospitality	22.90
IT	29.50
Retail	17.00

Table 5.6: Test Statistics of Ranks of Employee Value Commitment Across Verticals

	Value Commitment Score
Chi-Square	11.815
Df	3
Asymp. Sig.	.008
<i>a. Kruskal Wallis Test</i>	
<i>b. Grouping Variable: Sector</i>	

Employee commitment towards organizational values and goals refers to the feeling of pride in association with the organization. When employee commitment towards organizational values and goals was compared using Kruskal-Wallis H, a significant difference was observed across four verticals under study. $\chi^2(2) = 11.815, p = 0.008$, with a mean rank value commitment score of 12.60 for employees in banking vertical, 29.50 for employees in information technology and information technology enabled services

vertical, 22.90 for employees working in Hospitality vertical and 17.00 for people employed in retail vertical.

Table 5.7: Commitment to Stay Items with Means

S. No	Items	Banking	IT	Hospitality	Retail
1	I feel very little loyalty to this organization. (reversed)	3.15	4.08	4.17	3.79
2	I could just as well be working for a different organization as long as the type of work were similar (reversed).	4.1	4.26	4.25	4.16
3	There's not much to be gained by sticking with this organization indefinitely. (reversed)	3.59	4.14	4.23	3.86
4	Deciding to work for this organization was a definite mistake on my part (reversed)	3.61	4.45	4.36	4.33

In order to check for effectiveness of talent management practices using the indicator of commitment to stay with respective organizations among employees across the four verticals of service sector, following hypothesis was framed

H₀^{5.3}: There is no significant difference in commitment to stay level of employees across four verticals under study.

Considering the non-parametric nature of data, Kruskal-Wallis H Test was applied to check equality of means.

Table 5.8: Ranks of Employee Commitment to Stay

Sector	Mean Rank
Banking	3.25
Hospitality	10.75
IT	12.00
Retail	8.00

Table 5.9 Test Statistics of Ranks of Employee Commitment to Stay Across Verticals

	Value Commitment Score
Chi-Square	7.963
Df	3
Asymp. Sig.	.047
<i>a. Kruskal Wallis Test</i>	
<i>b. Grouping Variable: Sector</i>	

Commitment to stay indicates the feeling of continued membership among the employees like feeling of loyalty towards the organization. On comparing the score of commitment to stay using Kruskal-Wallis H, a statistically significant difference was observed between employees of four verticals with $\chi^2 (2) = 7.963, p = 0.047$.

Results indicate that level of commitment to stay was highest among employees who are working in information technology and information technology enabled services vertical and the same was found to be the lowest with banking vertical employees. Commitment to stay was also observed to be on higher side for employees in the hospitality vertical. Employees in IT&ITES and hospitality verticals were found to have high feeling of loyalty towards their organization as compared to banking vertical employees. Banking sector employees felt that in long run they will gain less by sticking to their present organization and also doubt their decision to work for their present organization.

Commitment to stay was found to be moderate with people employed in retail vertical as compared to rest of the sectors under study. In a study of commitment of employees in

retail sector, Salleh et al. (2012) on 62 employees of a retail organization in Malaysia, found considerably high intention to leave the organization among employees.

5.2 AFFECTIVE COMMITMENT AND EMPLOYEE CAREER STAGE

In order to determine any difference observed in effectiveness of talent management practices based upon career stages, employees were divided into three categories of total experience of less than 2 years, 2 years to 10 years and more than 10 years. In order to check for effectiveness of talent management practices using the indicator of affective commitment depending upon employee's career stage across the four verticals of service sector, following hypothesis was framed.

H₀^{5.4}: There is no significant difference in affective commitment of employees according to their career stage.

Considering the non-parametric nature of data, Kruskal-Wallis H Test was applied to check equality of means.

Table 5.10: Ranks of Affective Commitment Across Career Stages

Career Stage	Mean Rank
>2 years	156.21
2-10 years	179.98
More than 10 Years	206.92

Table 5.11: Test Statistics of Ranks of Affective Commitment Across Career Stages

	Commitment Score
Chi-Square	6.969
Df	3
Asymp. Sig.	0.031
<i>a. Kruskal Wallis Test</i>	
<i>b. Grouping Variable: Career Stage</i>	

Analysis of the results in Table 5.10 indicated that there was a significant difference in affective commitment across career stages. With P value of 0.031, the Null hypothesis that there exists a significant difference in affective commitment of employees according to their career stage across the organized service sector was accepted. Based on the P-value although a significant difference was found across employees in three career stages but this did not inform about where the difference lies. So, mean rank score of three career stages was studied and the result depicted that employees in their late career stages tend to be more affectively committed to the organizations as compared to the ones in their early career stage. Similar results were observed in a study by (Ahmad & Ashraf, 2015).

5.3 AFFECTIVE COMMITMENT AND EMPLOYEE AGE

It was argued by Meyer & Allen (1984) that younger employees might have high organizational commitment as compared to their elder counter parts. This argument was based on the fact that lack of work experience coupled with fewer job opportunities due to less experience make young employees stick to their organizations. In order to check this argument a relationship was studied between affective commitment and age of employees. Employees were divided into three age categories of less than 25 years, 25-35 years and more than 35 years. In order to check for effectiveness of talent management practices using the indicator of affective commitment depending upon three employee's age categories across the four verticals of service sector, following hypothesis was framed

$H_0^{5.5}$: *There is no significant difference in affective commitment of employees according to their age.*

Table 5.12: Test Statistics of Ranks of Affective Commitment Across Employee Age Categories

	Commitment Score
Chi-Square	5.60
Df	3
Asymp. Sig.	0.061
<i>a. Kruskal Wallis Test</i>	
<i>b. Grouping Variable: Employee age</i>	

Considering the p value of 0.061 with 95 percent confidence, the null hypothesis that there exists no significant difference in affective commitment of employees according to their age across the organized service sector was accepted. This result indicated that affective commitment of employees in the organized service sector of India is not significantly dependent upon employee age.

5.4 AFFECTIVE COMMITMENT AND EMPLOYEE GENDER

In order to check for effectiveness of talent management practices using the indicator of affective commitment depending upon employee's gender across the four verticals of service sector, Mann Whitney U test was applied. To check the proposed relationship following hypothesis was framed.

H₀^{5.6}: There is no significant difference between affective commitments of males and females.

Table 5.13: Ranks of Affective Commitment Across Employee Gender

Career Stage	Mean Rank
Male	181.06
Female	151.93

Table 5.14: Test Statistics of Ranks of Affective Commitment Across Employee Gender

	Commitment Score
Z-Value	-2.043
Asymp. Sig.	0.041
<i>a. Mann Whitney test</i>	
<i>b. Grouping Variable: Employee age</i>	

Based on significance value of 0.041, Null hypothesis was not accepted and it was implied that affective commitment among organized service sector employees varies across gender. Males were found to carry high affective commitment than females. These results are in

line with the study conducted by Aydin et al. (2013) to study organizational commitment in educational institutes. Their study found males to be more committed than females because males adopt organizational norms and values easily as compared to females.

Based on 'affective commitment' scores calculated using Kruskal-Wallis H Test, talent management practices have been found to be most effective in IT&ITES vertical and least effective in banking vertical, across the four verticals under study.

CHAPTER 6

TALENT MANAGEMENT CHALLENGES

This chapter deals with an assessment of challenges associated with talent management faced by managerial cadre as well as those faced by staff in the service sector. In this intensely competitive business era, talented people have the potential to provide a strong competitive advantage. Managing talent effectively is crucial at all times and particularly in times of financial uncertainty (Tarique & Schuler, 2010), because organizational success depends on talented people (Blotch, 1995). In a 2005 Survey of McKinsey Quarterly, it was revealed that Indian executives find low availability of talent as the single largest constraint for future growth of their companies. In 2014, 64 per cent of Indian employers were facing talent shortage, compared to 36 per cent of the employers at the international level (PTI, 2014). This figure signals the dire need of Indian corporates for increasing talent retention, therefore highlighting the critical need for managing talent effectively. The predicament calls for an investigation of the challenges faced by managerial cadre and the staff relating to talent management. An attempt to identify the challenges of talent management in service industry can help this sector, which accounts for 66.1% of the GDP, to better devise mechanisms for the mutual benefit of the individual and the organization.

The following analysis relating to the challenges of talent management is divided into two sections. Section one deals with the challenges faced by the managerial cadre in managing talent within the organizational context and section two explains challenges faced by the staff members with respect to talent management.

The respondents of managerial cadre as well as staff members were asked to express their level of agreement or disagreement with each statement (separate questionnaire for managerial cadre and staff) on a five point Likert scale ranging from 1 to 5, representing, 'strongly disagree', 'disagree', 'neither agree nor disagree', 'agree', and 'strongly agree'. For interpretation of scores, the mean response has been recoded such that if the statement is negatively worded, the mean response of 4 and above indicates high level of agreement; 3 to 3.9 indicates a borderline condition and 2 or below indicates disagreement. For

positively worded statements, coding has been reversed such that mean response of 4 and above indicates high level of dis-agreement; 3 to 3.9 indicates a borderline condition, 2 and below indicates agreement.

Exploratory factor analysis (EFA) has been applied considering its primary objective of reducing a larger set of variables to a smaller set and summarizing the data. Variables identified after application of exploratory factor analysis are lesser in number as compared to the original variable set, but has been found proficient of accounting for a large portion of variability in the items. Based on these variables, different factors have been identified and the identity of each factor has been determined considering respective items correlation with the factor. Factor identification has been sought with items having highest correlation, in order to define the conceptual meaning of that factor. Identified factors have been named based on the portfolio of items having highest correlation with the factor. Different items have been found to have internal structure evidence, displaying a validity evidence, suggesting that the items line up in a predictable manner i.e. when similar items were added, the factors can clearly predict one's overall challenges associated with talent management.

6.1 CHALLENGES OF TALENT MANAGEMENT TO MANAGERIAL CADRE

The study has used a self-developed scale that explores the respondents' perception of challenges associated with talent management. The scale includes statements pertaining to the cultural differences among employees, accountability, leadership potential, unsuitability of applicants, organizational politics, performance appraisal, succession planning, talent retention, talent development and deployment.

The appropriateness of factor analysis was determined by the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, which was 0.660 (Table 6.1) and was well above the minimum criteria of 0.5. This supported the intention to reduce several items into fewer factors by using measures of appropriateness of factor analysis.

Considering Bartlett’s test of sphericity (Table 6.1), hypothesis of correlation matrix being an identity matrix was not accepted. Significance value of 0.000 lead to rejection of null hypothesis and supported that correlations were appropriate for EFA in the data set.

Table 6.1: KMO and Bartlett's test for Challenges to Managerial Cadre

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.660
Bartlett's Test of Sphericity	Approx. Chi-Square	467.843
	Df	231
	Significance	.000

Considering discrete nature of data and no distributional assumptions, with primary concern to determine the minimum number of factors that account for maximum variance in the data, principal component analysis method of factor analysis was used (Malhotra & Dash, 2011).

Using above mentioned rules, five factors were extracted (Table 6.2), explaining 64.321% of all item variance. Approximately 64% of the total variance explained can be deemed as satisfactory, because appropriate number of factors have been extracted (Hair et al., 2010). A plot of the eigenvalues has been presented in Figure 6.1 for reference.

Table 6.2: Total Variance Explained by Factors of Challenges to Managerial Cadre

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Percentage of Variance	Cumulative percentage	Total	Percentage of Variance	Cumulative percentage
1	6.205	28.204	28.204	6.205	28.204	28.204
2	2.589	11.768	39.973	2.589	11.768	39.973
3	1.998	9.080	49.053	1.998	9.080	49.053
4	1.777	8.077	57.130	1.777	8.077	57.130

5	1.582	7.191	64.321	1.582	7.191	64.321
6	1.193	5.421	69.742			
7	1.017	4.623	74.365			
8	.968	4.399	78.764			
9	.815	3.704	82.468			
10	.717	3.261	85.729			
11	.630	2.865	88.594			
12	.500	2.274	90.868			
13	.346	1.571	92.439			
14	.314	1.429	93.868			
15	.311	1.416	95.284			
16	.225	1.023	96.307			
17	.194	.881	97.188			
18	.171	.776	97.965			
19	.153	.695	98.660			
20	.125	.570	99.230			
21	.102	.466	99.696			
22	.067	.304	100.000			
<i>Extraction Method: Principal Component Analysis.</i>						

A review of preliminary factor loadings advocated that an appropriate explanation was attainable using principal component analysis, as it was capable of converging in four iterations.

Study of Figure 6.1 did not warn that the results were non-positive definite, so one important condition for proceeding with the interpretation was met.

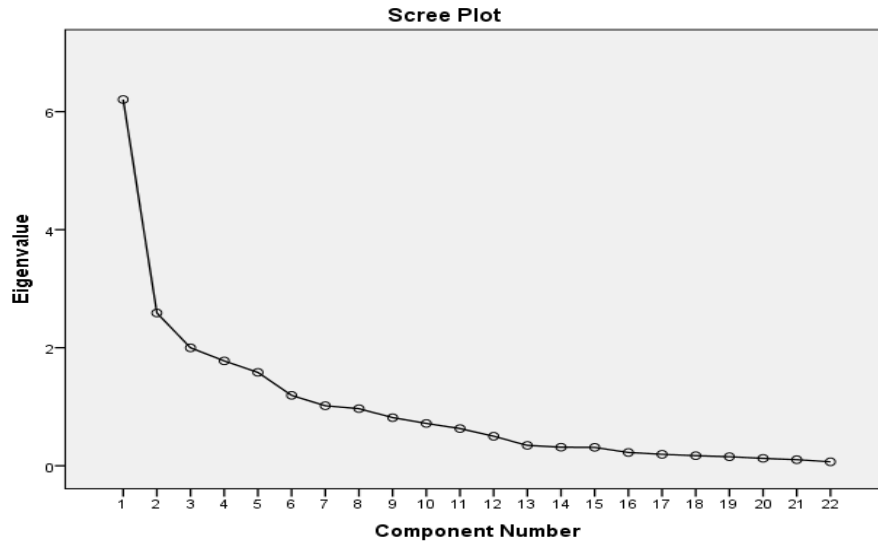


Figure 6.1: Scree Plot of Challenges to Managerial Cadre

Communalities (interpreted like Multiple R^2 in multiple regression) indicating the degree to which the factors explain the variance in respective items have been presented in table 6.3 as the initial set and the extracted set. The value of communalities provided further evidence that results were appropriate for interpretation.

Table 6.3: Communalities of Challenges to Managerial Cadre

Statements	Initial	Extraction
Cultural differences in the organization create barriers to talent management	1.000	.867
There is lack of meaningful metrics to measure the effectiveness of talent management programs	1.000	.744
Lack of accountability among managers is a hurdle in talent management efforts	1.000	.620
Talent needs are matched with the changes taking place in its competitive climate. (R)	1.000	.352
We find it difficult to identify talented employees	1.000	.712
Process of talent identification is time consuming	1.000	.605

Employees meeting the requirements of a role are assigned appropriate responsibilities. (R)	1.000	.700
In my organization, employees with leadership potential are identified. (R)	1.000	.734
We are noticing an increase in the number of unsuitable applicants	1.000	.517
Politics play a major role in promotion of employees	1.000	.499
We have right people readily available to meet forthcoming opportunities. (R)	1.000	.696
Developing employees for future roles in the organization is a big challenge	1.000	.552
Employee don't participate whole heartedly in development opportunities offered by organization	1.000	.723
A mentor is assigned to all the high talented employees. (R)	1.000	.590
Performance appraisal and job description aren't currently linked	1.000	.609
The performance review with employee usually turns into a salary discussion	1.000	.731
Performance reviews are taken by employees positively. (R)	1.000	.643
Succession planning is not practiced uniformly across the organization	1.000	.666
Organization has a sufficient number of well-qualified replacements before key leaders retire or are lost due to contingencies. (R)	1.000	.609
Retention of quality employees is a big difficulty	1.000	.661
Poaching activities by rivals are creating high turnover and salary inflation	1.000	.766
It is challenging to maintain a continuous employee commitment to their job and organization.	1.000	.553

Extraction Method: Principal Component Analysis.

Having assurance about the suitability for principal component analysis, explanation of results was approved. Varimax rotation which is orthogonal in nature was applied to maximize the variance of squared loadings of a factor on all items in the factor matrix. In this rotation, each original item inclines towards one of the factors, and every factor signifies a small number of items leading to simplification of interpretation of results. Review of the rotated component matrix suggested that five factors club the 22 different items in a theoretically understandable manner as presented in Table 6.4.

Table 6.4: Rotated Component Matrix of Challenges to Managerial Cadre

	Component				
	1	2	3	4	5
Employee don't participate whole heartedly in development opportunities offered by organization	.738				
Lack of accountability among managers is a hurdle in talent management efforts	.732				
Organization has a sufficient number of well-qualified replacements before key leaders retire or are lost due to contingencies. (R)	.702				
Process of talent identification is time consuming	.691				
Cultural differences in the organization create barriers to talent management		.868			
There is lack of meaningful metrics to measure the effectiveness of talent management programs		.847			
We find it difficult to identify talented employees		.668			
Performance reviews are taken by employees positively (R)		.642			
Retention of quality employees is a big difficulty			.789		
Poaching activities by rivals are creating high turnover and salary inflation			.741		

It is challenging to maintain a continuous employee commitment to their job and organization.			.615		
Succession planning is not practiced uniformly across the organization			.562		
In my organization, employees with leadership potential are identified (R)				.799	
We have right people readily available to meet forthcoming opportunities (R)				.719	
A mentor is assigned to all the high talented employees (R)				.701	
Employees meeting the requirements of a role are assigned appropriate responsibilities. (R)				.556	
The performance review with employee usually turns into a salary discussion					.838
Performance appraisal and job description aren't currently linked.					.555
<i>Extraction Method: Principal Component Analysis</i>					
<i>Rotation Method: Varimax with Kaiser Normalization</i>					
<i>a. Rotation converged in 6 iterations</i>					

Factors having prominent loadings (≥ 0.5) and with high factor determinacy were deemed to be considered as factors explaining the managerial cadre challenges associated with talent management.

Table 6.5: Challenges of Talent Management to Managerial Cadre

Employee don't participate whole heartedly in development opportunities offered by organization	Lack of Employee Engagement
Lack of accountability among managers is a hurdle in talent management efforts	
Organization has a sufficient number of well-qualified replacements before key leaders retire or are lost due to contingencies. (R)	

Process of talent identification is time consuming	
Cultural differences in the organization create barriers to talent management	Weak Systemic Credibility
There is lack of meaningful metrics to measure the effectiveness of talent management programs	
We find it difficult to identify talented employees	
Performance reviews are taken by employees positively (R)	
Retention of quality employees is a big difficulty	Low Talent Retention
Poaching activities by rivals are creating high turnover and salary inflation	
It is challenging to maintain a continuous employee commitment to their job and organization.	
Succession planning is not practiced uniformly across the organization	
In my organization, employees with leadership potential are identified (R)	Improper Career Management
We have right people readily available to meet forthcoming opportunities (R)	
A mentor is assigned to all the high talented employees (R)	

Employees meeting the requirements of a role are assigned appropriate responsibilities. (R)	
The performance review with employee usually turns into a salary discussion	Unsatisfactory Performance Management
Performance appraisal and job description aren't currently linked.	

Factor 1: Lack of Employee Engagement

Challenge of lack in employee engagement accounted for 28.2% of the total variance explained. This factor consisted of 4 statements which were a mix of positively and negatively framed items. This factor was named as *Lack of Employee Engagement* as it includes a diverse range of statements capturing the respondent's perception about challenges related with employees not participating whole heartedly in development opportunities, lack of sufficient future replacements for key jobs, lack of accountability among managers and time consuming talent identification processes. Employee engagement which is based on trust and two way commitment between an organization and its members is an important parameter for long term success of a company.

Factor 2: Weak Systemic Credibility

Gaps in systemic credibility accounted for 11.7% of the total variance explained. This factor consisted of 4 statements having a mix of positively and negatively framed items. This factor was named as *Weak Systemic Credibility* as it includes a diverse range of statements capturing the respondent's perception about metrics to measure effectiveness of talent management activities, identification of talented employees and cultural differences among employees.

Effectiveness of any organizational system is limited due to lack of meaningful metrics to measure effectiveness of talent management activities and can lead to difficulty in identification of talented employees.

Factor 3: Low Talent Retention

This factor accounted for 9% of the total explained variance and consisted of 4 statements having negatively framed items. This factor was named as *Low Talent Retention* as it includes statements highlighting challenges related with employee retention, poaching activities by rival firms, employee commitment and succession management across organization.

Talent retention is important for organizations because cost of retaining a talented employee is much less as compared to cost of recruiting and training a new employee. Organizations believing in philosophy that talented employees help businesses thrive, can retain quality employees by countering poaching activities of rival firms and increasing the commitment levels among existing workforce.

Factor 4: Improper Career Management

Inadequate career management as a challenge accounts for 8% of the total variance explained with 4 positively stated items. This factor was named as *Improper Career Management* as it includes statements related with identification of employees with leadership potential, availability of right people for future tasks and improper job postings. Career management is valued by both employees and employers, and can help companies curb talent mobility. Line managers through identification of leadership potential for completing future tasks and proper job postings can facilitate effective employee career management (Crawshaw, 2006).

Factor 5: Unsatisfactory Performance Management

Fifth factor is named as *Unsatisfactory Performance Management* because it is associated with challenges related to employees being more concerned with monetary benefits and performance appraisals not linked to job descriptions. This factor accounts for 7.1% of the total variance explained with 2 positively stated items. Supervisors need to communicate to staff, the purpose of reviewing the performance and outline the discussion parameters in light of their defined key result areas.

6.2 CHALLENGES OF TALENT MANAGEMENT TO STAFF

To study challenges of talent management as perceived by the staff, a scale consisting of 30 statements was developed. This scale includes items pertaining to the talent assessment, performance goals, concern for employee development, opportunity for personal growth, job assignment, career goals, perception of equity among employees, availability of benefits and support from seniors.

The appropriateness of factor analysis was determined by the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy which was 0.912 (Table 6.6) and was well above the minimum criteria of 0.5. This supported the intention to reduce several items into fewer factors by using measures of appropriateness of factor analysis.

Considering Bartlett's test of sphericity (Table 6.6), hypothesis of correlation matrix being an identity matrix was not accepted. Significance value of 0.000 lead to rejection of null hypothesis and supported that correlations were appropriate for EFA in the data set.

Table 6.6: KMO and Bartlett's test for Challenges to Staff

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.912
Bartlett's Test of Sphericity	Approx. Chi-Square	3348.181
	Df	435
	Significance	.000

Considering discrete nature of data and no distributional assumptions, with primary concern to determine the minimum number of factors that account for maximum variance in the data, principal component analysis method of factor analysis was used (Malhotra & Dash, 2011).

Using the above-mentioned rules, five factors were extracted (table 6.7), explaining 54.539% of all item variances. Approximately 55% of the total variance explained can be deemed as satisfactory, because appropriate number of factors have been extracted (Hair et al., 2010). A plot of the eigenvalues has been presented in Figure 6.2 for reference.

Table 6.7: Total Variance Explained by Factors of Challenges to Staff

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Percentage of Variance	Cumulative percentage	Total	Percentage of Variance	Cumulative percentage
1	8.835	29.451	29.451	8.835	29.451	29.451
2	1.885	6.284	35.736	1.885	6.284	35.736
3	1.377	4.589	40.325	1.377	4.589	40.325
4	1.173	3.910	44.234	1.173	3.910	44.234
5	1.046	3.485	47.720	1.046	3.485	47.720
6	1.043	3.477	51.196	1.043	3.477	51.196
7	1.003	3.343	54.539	1.003	3.343	54.539
8	.934	3.112	57.651			
9	.897	2.991	60.642			
10	.874	2.914	63.555			
11	.816	2.719	66.274			
12	.785	2.618	68.892			
13	.764	2.547	71.440			
14	.740	2.467	73.906			
15	.690	2.302	76.208			
16	.656	2.186	78.394			
17	.645	2.149	80.543			
18	.617	2.056	82.599			
19	.590	1.968	84.566			
20	.568	1.893	86.459			
21	.523	1.744	88.203			
22	.483	1.609	89.812			

23	.470	1.566	91.378			
24	.452	1.508	92.886			
25	.410	1.366	94.252			
26	.399	1.330	95.582			
27	.383	1.278	96.861			
28	.346	1.152	98.013			
29	.302	1.006	99.018			
30	.294	.982	100.000			

Extraction Method: Principal Component Analysis.

A review of preliminary factor loadings advocated that an appropriate explanation was attainable using principal component analysis, as it was capable of converging in four iterations. Study of Figure 6.2 did not warn that the results were non-positive definite, so one important condition for proceeding with the interpretation was met.

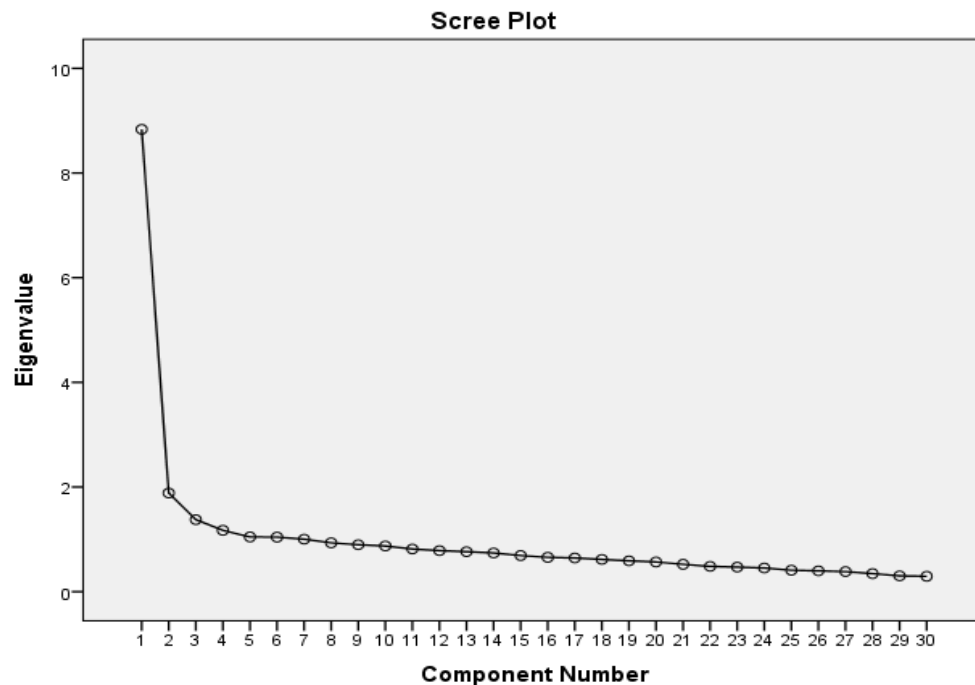


Figure 6.2: Scree Plot of Challenges to Staff

Table 6.8, provides values of communalities, both initial and extraction. The value of 1.0 in case of initial communalities suggests that all variables are fully involved in the factor

analysis solution. Extraction communalities indicate the proportion of variation in the variables that is accounted for by the factors having eigenvalue of more than 1. The value of communalities provides further evidence that results were appropriate for interpretation.

Table 6.8: Communalities of Challenges to Staff

Statements	Initial	Extraction
I do not have clarity about long term plans of my company	1.000	.606
I do not have clarity about, how my work contributes to the growth of this company	1.000	.601
I am unclear about whether I am considered as a potential employees in my organization.	1.000	.507
I don't know the criteria for identification of employees as highly talented or valuable for the organization	1.000	.508
I do not find the talent assessment processes of the organization as fair and equitable.	1.000	.552
Seniors unwilling to differentiate talent	1.000	.468
My organization does not made adequate efforts to attract highly talented employees	1.000	.534
My organization does not attract many highly talented employees	1.000	.487
Highly talented employees are not attracted to the organization due to Lack of employee benefits.	1.000	.591
Highly talented employees are not attracted to the organization due to Lack of opportunity for personal growth	1.000	.407
The work assigned to me does not match my competencies and interest.	1.000	.443
I am not consulted about the new assignments before getting the work	1.000	.517
I am not clear about the responsibility assigned to me.	1.000	.438

I don't find my seniors committed enough to develop employees	1.000	.469
I am given new tasks to perform without providing enough training to do it.	1.000	.559
My organization does not facilitate employee development	1.000	.588
Training and development provided to me is not as per the requirement of my present job and career path.	1.000	.537
I am not clear about how my performance is evaluated	1.000	.500
I have no role in deciding my key result areas and the targets for performance	1.000	.482
The employee compensation and growth are not based on employee performance	1.000	.507
Adequate support is not available by way of performance review and counselling by supervisors to make performance corrections	1.000	.556
I cannot have honest conversations about my performance with my seniors	1.000	.482
I am unable to fulfill my career goals in this organization	1.000	.476
Sufficient attention is not given to mentoring, guidance and counselling in my organization	1.000	.664
Talent is not given due attention in my organization	1.000	.543
Talent retention in my organization is poor due to unrealistic work targets	1.000	.731
Talent retention in my organization is poor due to unhelpful behavior of immediate superiors	1.000	.608
Talent retention in my organization is poor due to lack of equity and justice in decision making	1.000	.667
Talent retention in my organization is poor due to Insufficient attention towards need and aspiration of talented employees	1.000	.638

There is lack of necessary support to get the work done.	1.000	.695
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Extraction Method: Principal Component Analysis.

Having assurance about the suitability for principal component analysis, explanation of results was approved. Varimax rotation which is orthogonal in nature was applied to maximize the variance of squared loadings of a factor on all items in the factor matrix. In this rotation, each original item inclines towards one of the factors, and every factor signifies a small number of items leading to simplification of interpretation of results. Review of the rotated component matrix suggested that seven factors club the 30 different items in a theoretically understandable manner as presented in Table 6.9.

Table 6.9: Rotated Component Matrix of Challenges to Staff

Statement	Component						
	1	2	3	4	5	6	7
Highly talented employees are not attracted to the organization due to Lack of employee benefits.	.672						
I am unclear about whether I am considered as a potential employees in my organization.	.656						
I do not have clarity about, how my work contributes to the growth of this company	.654						
I do not find the talent assessment processes of the organization as fair and equitable.	.633						
I do not have clarity about long term plans of my company	.536						
Seniors unwilling to differentiate talent	.531						
Adequate support is not available by way of performance review and counselling by supervisors to make performance corrections		.699					

I am not clear about how my performance is evaluated		.583					
Talent is not given due attention in my organization		.566					
My organization does not facilitate employee development			.584				
The employee compensation and growth are not based on employee performance			.566				
I have no role in deciding my key result areas and the targets for performance			.537				
Talent retention in my organization is poor due to lack of equity and justice in decision making				.718			
Talent retention in my organization is poor due to Insufficient attention towards need and aspiration of talented employees				.715			
Sufficient attention is not given to mentoring, guidance and counselling in my organization					.762		
Talent retention in my organization is poor due to unrealistic work targets						.792	
Talent retention in my organization is poor due to unhelpful behavior of immediate superiors						.552	
There is lack of necessary support to get the work done.							.787
<i>Extraction Method: Principal Component Analysis</i>							
<i>Rotation Method: Varimax with Kaiser Normalization</i>							
<i>a. Rotation converged in 12 iterations</i>							

From seven identified factors, fifth and seventh factor were dropped as these comprised of only one item each. Such kind of factors are treated as poorly defined factors and should be eliminated (Brown, 2015).

Five remaining factors having salient loadings and with high factor determinacy were considered as factors explaining the staff challenges associated with talent management (Table 6.10).

Table 6.10: Challenges of Talent Management to Staff

I do not find the talent assessment processes of the organization as fair and equitable.	Lack of Trust and Transparency
I am unclear about whether I am considered as a potential employees in my organization.	
I do not have clarity about, how my work contributes to the growth of this company	
Highly talented employees are not attracted to the organization due to Lack of employee benefits.	
I do not have clarity about long term plans of my company	
Seniors unwilling to differentiate talent	
Adequate support is not available by way of performance review and counselling by supervisors to make performance corrections	Lack of Supervisory Support
I am not clear about how my performance is evaluated	
Talent is not given due attention in my organization	
My organization does not facilitate employee development	Inadequate Growth and Development

The employee compensation and growth are not based on employee performance	
I have no role in deciding my key result areas and the targets for performance	
Talent retention in my organization is poor due to lack of equity and justice in decision making	Unmet Employee Expectations
Talent retention in my organization is poor due to Insufficient attention towards need and aspiration of talented employees	
Talent retention in my organization is poor due to unrealistic work targets	Unrealistic Target assignment
Talent retention in my organization is poor due to unhelpful behavior of immediate superiors	

Factor 1: Lack of Trust and Transparency

Perception of lack of trust and transparency is the most significant challenge being faced by staff in service sector and accounts for 29.4% of the total variance explained. This factor consisted of 6 negatively framed items. This factor has been named as *Lack of Trust and Transparency* as it includes statements capturing the respondents' perceptions about employee contribution to overall work, clarity about long term plans of company, fairness and equity in organizational working, employee benefits hindering talent attraction, and supervisor's willingness to differentiate talent. This feeling of non-transparent working and lack of trust in organizational policies leads to hindrance in attraction of talented employees.

Factor 2: Lack of Supervisory Support

The second challenge in order of importance to staff is related with inadequate supervisory support to employee and accounts for 6.2% of the total variance explained. This factor consisted of 3 negatively framed items. This factor has been named as *Lack of Supervisory*

Support as it includes statements gauging the respondents' perceptions about support from supervisors, performance evaluation and attention to talent. A section of employees under study, perceived that neither talented employees are given due attention by supervisors, nor adequate support is offered by way of performance reviews to make performance corrections.

Factor 3: Inadequate Growth and Development

Third challenges to staff is related with inadequate growth and development opportunities and accounts for 4.5% of the total variance explained. This factor consisted of 3 negatively framed items. This factor has been named as *Inadequate Growth and Development* as it includes statements capturing the respondents' perceptions about management concern for employee development; employee compensation and performance and key result areas. A portion of respondents at staff level find no say in deciding their key result areas and want their compensation to be linked with their performance. Some respondents also find lack of organization support in facilitating their development. For talent management to be effective organizations need to facilitate employee learning, which should be treated as a non-negotiable activity by supervisors. Feeling of lack for developmental opportunities can hinder the long term stay of talent in any organization.

Factor 4: Unmet Employee Expectations

Comprising of 2 negatively framed items, fourth challenge in the order of importance to staff in service sector is non-fulfillment of employee expectations and accounts for 3.9% of the total variance explained. This factor has been named as *Unmet Employee Expectations* as it includes statements capturing the respondents' perceptions about employee needs and aspirations, and equity and justice. Employees expect their managers to act with equity and want them to offer sufficient attention towards their needs and aspirations.

Factor 5: Unrealistic Target Assignment

A section of employees under study find their work targets to be unrealistic and do not feel confident with the support provided by immediate supervisors. This makes *Unrealistic*

Target Assignment to be the fifth challenge faced by staff in the service sector, which accounts for 3.47% of the total variance explained. This factor has been named based on statements capturing the respondent’s perception about work targets and behavior of immediate superiors.

6.2.1 Challenges of Talent Management to Staff Across Verticals

In case of staff, after identification of talent management challenges, to check for differences across four verticals of service sector, one-way MANOVA has been applied.

Significance value of wilk’s lambda was found to be 0.002, verifying that one-way MANOVA was statistically significant. Test of between - subject effects, (Table 6.11) depicted that sector had significant effect across three out of five challenges of talent management to staff.

Table 6.11: Test of Between - Subject Effects of Challenges to Staff

	Challenges (Dependent Variable)	Type III Sum of Squares	df	Mean Square	F	Sig.
Sector	Trust and Transparency	9.923	3	3.308	3.375	.019
	Talent Assessment	1.839	3	.613	.611	.608
	Growth and Development	12.847	3	4.282	4.408	.005
	Employee Expectations	9.395	3	3.132	3.191	.024
	Target assignment	.562	3	.187	.186	.906

We can see from table 6.12 that sector has a statistically significant effect on challenge of ‘Lack of trust and transparency’ with score of $F = 3.375$; $p < .05$ and partial $\eta^2 = .029$; ‘Inadequate growth and development’ with score of $F = 4.408$; $p < .05$ and partial $\eta^2 = .037$; and ‘Unmet employee expectations’ with scores of $F = 3.191$, $p < .05$ and partial $\eta^2 = .027$.

After putting challenges with statistically significant values through Tukey's HSD post-hoc tests, following results with multiple comparisons (table 6.13) have been found. There are significant differences between employees across sectors for challenges related with lack

of trust and transparency, and inadequate growth and development. For the challenge of unmet employee expectations, no significant difference has been observed from the multiple comparison Table 6.12.

Table 6.12: Multiple Comparisons of Challenges to Staff

Dependent Variable			Mean Difference (I-J)	Std. Error	Sig.
Lack of Trust and Transparency	Banking	ITES	-.0995028	.14760446	.907
		Hospitality	-.0250846	.15292088	.998
		Retail	-.4202643*	.14881571	.026
	ITES	Banking	.0995028	.14760446	.907
		Hospitality	.0744182	.15132957	.961
		Retail	-.3207615	.14718002	.131
	Hospitality	Banking	.0250846	.15292088	.998
		ITES	-.0744182	.15132957	.961
		Retail	-.3951796*	.15251124	.049
	Retail	Banking	.4202643*	.14881571	.026
		ITES	.3207615	.14718002	.131
		Hospitality	.3951796*	.15251124	.049
Inadequate Growth and Development	Banking	ITES	.3745129	.14696480	.055
		Hospitality	.5346102*	.15225818	.003
		Retail	.2821385	.14817080	.228
	ITES	Banking	-.3745129	.14696480	.055
		Hospitality	.1600973	.15067376	.713
		Retail	-.0923744	.14654220	.922
	Hospitality	Banking	-.5346102*	.15225818	.003
		ITES	-.1600973	.15067376	.713
		Retail	-.2524718	.15185031	.345
	Retail	Banking	-.2821385	.14817080	.228
ITES		.0923744	.14654220	.922	

		Hospitality	.2524718	.15185031	.345
Unmet Employee Expectations	Banking	ITES	.3773477	.14771958	.054
		Hospitality	.3704213	.15304015	.075
		Retail	.1104893	.14893177	.880
	ITES	Banking	-.3773477	.14771958	.054
		Hospitality	-.0069264	.15144760	1.000
		Retail	-.2668584	.14729481	.270
	Hospitality	Banking	-.3704213	.15304015	.075
		ITES	.0069264	.15144760	1.000
		Retail	-.2599320	.15263018	.324
	Retail	Banking	-.1104893	.14893177	.880
		ITES	.2668584	.14729481	.270
		Hospitality	.2599320	.15263018	.324
<i>Based on observed means.</i>					
<i>The error term is Mean Square(Error) = 1.007.</i>					
<i>*. The mean difference is significant at the .05 level.</i>					

The feeling of lack of trust and transparency is most prominent with the employees working in the retail sector. Retail sector employees had least clarity about how their work contributes to the growth of their company. Employees at the store level were found to be provided with information on need to know basis only and all decisions follow top to bottom hierarchy. Employees were not aware about the long-term plans of their companies and were even unaware about whether their superiors see them as talented or not.

Formal qualification was found to be lowest among the retail sector staff in comparison to other three sectors under study. This could act as one of the reasons for superiors not finding their staff to be competent enough to share information and limiting them to need to know basis.

Challenge of inadequate growth and development, is found more prominent among employees in banking sector. Employees feel that they are not being provided with adequate development opportunities and have no role in deciding their key result areas. Banking sector respondents at staff level strongly pointed out that their compensation and

growth are not based on performance. In light of this perception, new payment sector banks are able to poach trained employees from existing banks by offering up to 100% salary hikes at junior level.

As per the above analysis, the challenges reported by the managerial cadre are, lack of employee engagement, weak systemic credibility, low talent retention, Improper career management and unsatisfactory performance management. The challenges reported by the staff include, lack of trust and transparency, inadequate supervisory support, inadequate growth and development, unmet employee expectations and unrealistic target assignment. The talent management challenges as perceived by managerial cadre as well as staff of the service sector, have been identified using exploratory factor analysis.

CHAPTER 7

COMPARISON OF TALENT MANAGEMENT PRACTICES IN SERVICE SECTOR

Talent is the chief driving force that steers a business towards the accomplishment of its vision. Companies are in a race to adopt the best talent management practices to nurture talented employees. There is a wide variety of talent management practices followed across industries, from skip level feedbacks in IT/ITES sector, to online learning platforms in banking sector organizations and employees' education using theatre method in retail. The focus of this chapter is to study and compare managerial cadre perception of talent management practices across four verticals of service sector.

The present study used a scale consisting of 75 statements. The scale included statements pertaining to talent management practices related with talent strategy and governance, talent identification, talent assessment, talent acquisition, talent deployment, talent development, performance management, career and succession planning and talent retention. The respondents were asked to express their level of agreement or disagreement for with each statement on a five point Likert scale ranging from 1 to 5 representing, 'strongly disagree', 'disagree', 'neither agree nor disagree', 'agree', and 'strongly agree'.

Kruskal-Wallis H test (one-way ANOVA on ranks) which is a non-parametric test has been used to compare the talent management practices across four verticals i.e. IT/ITES, banking, retail and hospitality. Kruskal-Wallis H test is applied to determine differences between two or more independent variable groups. The collected data is not found to follow normality of distribution, dependent variable is measured on interval scale and independent variable i.e. sectors consisted of four independent groups, so use of Kruskal-Wallis H test is justified to determine whether there is any significant difference between the independent variables. Moreover, no significant outliers are found and there is no relationship between the observations in each sector or among the sectors themselves.

For the purpose of analysis and better understanding, talent management practices have been segregated into nine groups comprising of talent strategy and governance, talent identification, talent assessment, talent acquisition, talent deployment, talent development, performance management, career planning and succession management and talent retention. On comparing a standard set of talent management practices, among the four sectors differences are observed only in few practices related with talent identification, talent retention and talent acquisition etc. A detailed group wise comparison of 75 talent management practices is discussed below.

7.1 TALENT STRATEGY AND GOVERNANCE

First group of talent management practices deals with the broad component of talent strategy and governance. Talent strategy benefits organizations in better business goal alignment, leading to a high-performance work system. Talent based organizational governance and strategy is based on the philosophy of managing employees as an asset. This component comprises of three sub components, namely, business goals and direction, talent management philosophy and talent gap analysis. A total of nine statements are framed to assess the difference among talent strategy and governance practices across the four verticals of service sector under study.

To study whether talent strategy and governance practices varies significantly across the four types of service sectors, namely, IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.1}$ is framed.

$H_0^{7.1}$: Talent management practices related to strategy and governance do not significantly vary across the verticals.

The hypothesis is tested using Kruskal-Wallis H test and no significant difference across the four verticals of service sector is found when compared for nine practices of talent strategy and governance (Table 7.1).

Table 7.1: Test Statistics of Practices Related to Strategy and Governance

S.No.	Practices	Chi-Square	df	p-value
1	Talent is seen as an essential component to effectively manage business	1.587	3	.662
2	Business outcomes are kept in mind while taking any talent related decisions	.580	3	.901
3	The gap between existing and required talent is reviewed after a set interval of time (like annually)	3.887	3	.274
4	Critical positions and skill requirements are determined keeping in view of the environmental challenges and opportunities	.085	3	.994
5	Profile of high performing employees is maintained in the Organization	2.406	3	.492
6	Employees are seen as a cost to be minimized (R)	1.345	3	.718
7	There is a designated officer/position in the organization to oversee talent management activities.	2.238	3	.524
8	Talent management philosophy is applied in day to day decision making, activities and operations.	2.258	3	.521
9	Employees are seen as an assets or resource to be developed	3.886	3	.274
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

Statement number 6 of this component is reversed to match its nature with rest of the 8 statements. The significance value for all the nine practices of talent strategy and

governance are found to be more than the alpha value of 0.05. This leads to the acceptance of the null hypothesis of there being no significant difference in practices across four verticals of banking, retail, IT/ITES and hospitality, related to talent strategy and governance.

Table 7.2: Ranks of practices related with strategy and governance

S.No.	Practice	Sector	Mean Rank
1	Talent is seen as an essential component to effectively manage business	Retail	25.56
		IT/ITES	20.67
		Hospitality	20.04
		Banking	21.00
2	Business outcomes are kept in mind while taking any talent related decisions	Retail	22.56
		IT/ITES	20.58
		Hospitality	23.04
		Banking	19.90
3	The gap between existing and required talent is reviewed after a set interval of time (like annually)	Retail	17.38
		IT/ITES	20.00
		Hospitality	21.08
		Banking	27.10
4	Critical positions and skill requirements are determined keeping in view of the environmental challenges and opportunities	Retail	22.13
		IT/ITES	20.83
		Hospitality	21.88
		Banking	21.35
5	Profile of high performing employees is maintained in the organization	Retail	18.19
		IT/ITES	20.33
		Hospitality	25.33
		Banking	20.95
6	Employees are seen as a cost to be minimized (R)	Retail	24.19
		IT/ITES	21.75
		Hospitality	22.13

		Banking	18.30
7	There is a designated officer/position in the organization to oversee talent management activities.	Retail	19.75
		IT/ITES	20.17
		Hospitality	20.17
		Banking	26.10
8	Talent management philosophy is applied in day to day decision making, activities and operations.	Retail	18.50
		IT/ITES	24.79
		Hospitality	19.79
		Banking	22.00
9	Employees are seen as an assets or resource to be developed	Retail	20.13
		IT/ITES	26.79
		Hospitality	19.58
		Banking	18.55

Based on the mean rank scores as presented above (table 7.2) and personal interactions at time of data collection, it has been observed that hospitality sector is having a foot forward in maintaining the profile of high performing employees. IT/ITES sector considers employees to be more of an assets or resource to be developed. In retail sector, management philosophy appears to be relatively more prominent towards treating talent as an essential component to effectively manage business. Banking sector appears relatively more noticeable in reviewing the existing and required talent requirements after a set interval of time and designating an officer in the organization to oversee talent management activities. In case of ICICI bank, continuous assessment of organizational talent needs is done. This activity forms the base of maintaining critical talent pipelines supported by a talent pool.

7.2 TALENT IDENTIFICATION

Talent identification is about recognizing the right person for the job. Talent identification comprises of three sub components of talent mapping, talent spotting and segmentation. A total of six statements are framed to assess the differences among talent identification practices across the four verticals of service sector under study.

To study whether talent management practices vary significantly across the four types of service sectors, namely IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.2}$ is framed.

$H_0^{7.2}$: Talent management practices related to talent identification do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test, as responses collected from managerial cadre from different service sector organizations are not found to be normally distributed. For talent identification practice in statement number 3 (Table 7.3), a difference across the four verticals of service sector has been found.

Table 7.3: Test Statistics of Practices Related to Talent Identification

S.No.	Practices	Chi-Square	df	p-value
1	We define an employee as talented who is having knowledge, skills, values	1.587	3	.662
2	We define an employee as talented who is having high level of motivation and hard work	.580	3	.901
3	We define an employee as talented who is having long term contribution to the company	9.999	3	.019
4	Success parameters for each position are identified and are used to define talent requirements	.085	3	.994
5	Employees are categorized into different segments/groups based on their talent.	2.406	3	.492
6	Talented employees are reflection of the core competencies or attributes present in the organization	1.345	3	.718
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

For the practice of defining employees with long term contribution to the company to be talented, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 9.999, p = 0.019$, with a mean rank score of 18.13 for retail sector, 23.08 for IT/ITES sector, 14.92 for hospitality and 30.20 for banking sector. This practice of talent identification is found to be most prominent in banking sector and least followed in hospitality sector. In case of banking sector, with proliferation of new banks, the attrition rates are increasing, which makes long term employee contribution more valuable for banking organizations. The usage of such talent identification practice in retail sector was also found but on a lower scale in comparison to the banking sector.

The significance value for rest of the five practices of talent identification are found to be more than the alpha value of 0.05. This makes the researcher to accept the null hypothesis of there being no difference in these practices related to talent identification, across four verticals of banking, retail, IT/ITES and hospitality.

Table 7.4: Ranks of Practices Related to Talent Identification

S No	Practices	Sector	Mean Rank
1	We define an employee as talented who is having Knowledge, skills, values	Retail	25.56
		IT/ITES	20.67
		Hospitality	20.04
		Banking	21.00
2	We define an employee as talented who is having High Level of motivation and hard work	Retail	22.56
		IT/ITES	20.58
		Hospitality	23.04
		Banking	19.90
3	We define an employee as talented who is having long term contribution to the company	Retail	18.13
		IT/ITES	23.08
		Hospitality	14.92
		Banking	30.20

4	Success parameters for each position are identified and are used to define talent requirements	Retail	22.13
		IT/ITES	20.83
		Hospitality	21.88
		Banking	21.35
5	Employees are categorized into different segments/groups based on their talent.	Retail	18.19
		IT/ITES	20.33
		Hospitality	25.33
		Banking	20.95
6	Talented employees are reflection of the core competencies or attributes present in the organization	Retail	24.19
		IT/ITES	21.75
		Hospitality	22.13
		Banking	18.30

Based on the mean rank scores as presented above (table 7.4) and personal interactions at time of data collection, it has been observed that in hospitality sector, employees with high level of motivation, who are ready to work hard are considered as talent. Companies in IT sector, e.g. Infosys consider individuals with high level of learnability, to be talented and at HCL, the most significant talent is considered to be the top 30 percent of its most productive employees.

7.3 TALENT ASSESSMENT

Talent assessment is about evaluating individuals for key competencies that are required by an organization. Talent assessment incorporates dimensions of suitability and eligibility of the potential employee. Suitability ensures that the person carries the right attitude, with motivation to do the work and eligibility comprises stipulating minimum requirements to perform on the job.

To study variations across four types of service sectors, namely IT/ITES, retail, banking and hospitality, for practices related to talent assessment, hypothesis $H_0^{7.3}$ is framed.

$H_0^{7.3}$: Talent management practices related to talent assessment do not vary significantly across the verticals.

Table 7.5: Test Statistics of Practices Related to Talent Assessment

S.No.	Practices	Chi-Square	df	p-value
1	We consider eligibility of candidate (education, experience etc.) for assessment of employees.	2.688	3	.442
2	We consider suitability (attitude, motivation, interest etc.) for assessment of employees.	4.035	3	.258
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

Table 7.6: Ranks of Practices Related to Talent Assessment

S.No.	Practice	Sector	Mean Rank
1	We consider eligibility of candidate (education, experience etc.) for assessment of employees.	Retail	17.00
		IT/ITES	24.25
		Hospitality	21.63
		Banking	21.65
2	We consider suitability (attitude, motivation, interest etc.) for assessment of employees.	Retail	14.94
		IT/ITES	23.50
		Hospitality	22.50
		Banking	23.15

Kruskal-Wallis H test presents that there is no significant difference across the four verticals of service sector, when compared for practices of eligibility and suitability of the candidate during assessment. The significance value of practices of talent assessment is found to be more than the alpha value of 0.05. This makes the researcher to accept the null hypothesis of there being no difference in practices across four verticals.

In order to get a better understanding of the parameters, based on which the managerial cadre is assessing the candidates during job interviews, they were provided with a list of

assessment parameters and had to name a parameter based on which talent assessment was being made.

It is found that, in retail and IT/ITES verticals, managerial cadre searches for skill set and experience of the candidate. Particularly in case of Shoppers Stop (retail), suitability of an individual for a job is given high importance. Personal interview and quantitative tests are conducted by Lifestyle retail, to identify candidates who are the right fit for the organization.

In case of hospitality sector, employers are found to concentrate more on experience, qualification and knowledge of the person. In the banking sector, suitability of the person to the job along with eligibility are found to be the main criteria for assessing talent.

7.4 TALENT ACQUISITION

Talent acquisition comprises statements related to talent attraction and selection. A total of ten statements are framed to assess the differences among talent acquisition practices across the four verticals of service sector. This group includes practices related to employer branding, talent poaching and internal recruitments etc.

Responses collected from managerial cadre across the four service sectors organizations are not found to be normally distributed, so Kruskal-Wallis H Test has been applied.

To study whether talent acquisition practices vary significantly across the service sectors, namely, IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.4}$ is framed.

$H_0^{7.4}$: Talent management practices related to talent acquisition do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test, as responses collected from managerial cadre from different service sector organizations are not found to be normally distributed. For talent acquisition practices in statement number 4, 8 and 10 (Table 7.7) differences across the four verticals of service sector are found.

Table 7.7: Test Statistics of Practices Related to Talent Acquisition

S.No.	Practices	Chi-Square	df	p-value
1	Organization is recognized as a respected employer and attracts talented people	3.239	3	.356
2	Organization attracts talented candidates from renowned educational institutions across country	1.766	3	.622
3	To recruit internally, job postings and promotions are encouraged.	5.709	3	.127
4	We attempt to recruit employees from our competitors	7.858	3	.049
5	Organization works with educational institutions to train people according to our requirements.	1.360	3	.715
6	Employees are encouraged to provide references of talented candidates	5.207	3	.157
7	As a policy, retired government officials with high talent are recruited	6.715	3	.082
8	We believe in outsourcing and hiring contractors whenever required.	8.883	3	.031
9	At the time of employee selection, the focus is on selecting a candidate who can do the job	5.821	3	.121
10	At the time of employee selection, the focus is on selecting a candidate who will fit in organizational culture	10.209	3	.017
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

Table 7.8: Ranks of Practices Related to Talent Acquisition

S.No.	Practice	Sector	Mean Rank
1	Organization is recognized as a respected employer and attracts talented people	Retail	23.13
		IT/ITES	25.58
		Hospitality	19.50
		Banking	17.70
2	Organization attracts talented candidates from renowned educational institutions across country	Retail	19.00
		IT/ITES	22.50
		Hospitality	24.13
		Banking	19.15
3	To recruit internally, job postings and promotions are encouraged.	Retail	14.63
		IT/ITES	22.54
		Hospitality	20.46
		Banking	27.00
4	We attempt to recruit employees from our competitors	Retail	14.00
		IT/ITES	26.92
		Hospitality	18.17
		Banking	25.00
5	Organization works with educational institutions to train people according to our requirements.	Retail	22.06
		IT/ITES	20.75
		Hospitality	19.25
		Banking	24.65
6	Employees are encouraged to provide references of talented candidates	Retail	18.88
		IT/ITES	27.00
		Hospitality	21.58
		Banking	16.90
7	As a policy, retired government officials with high talent are recruited	Retail	18.44
		IT/ITES	17.38
		Hospitality	21.58

		Banking	28.80
8	We believe in outsourcing, hiring contractors, and bringing in consultants/trainers whenever required.	Retail	14.94
		IT/ITES	16.75
		Hospitality	25.42
		Banking	27.75
9	At the time of employee selection, the focus is on selecting a candidate who can do the job	Retail	20.56
		IT/ITES	27.75
		Hospitality	19.63
		Banking	17.00
10	At the time of employee selection, the focus is on selecting a candidate who will fit in organizational culture	Retail	17.38
		IT/ITES	29.50
		Hospitality	21.42
		Banking	15.30

For the practice of recruiting employees from competitors, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 7.858$, $p = 0.49$, with a mean rank score of 14.00 for retail sector, 26.92 for IT/ITES sector, 18.17 for hospitality and 25.00 for banking sector. In the IT/ITES and banking sectors, the practice of employee poaching is more prevalent as compared to other two verticals under study. With a number of new banks and payments banks entering the market, existing banks are facing the problem of high employee attrition. Employee poaching is more prevalent for mid-management positions. In order to poach talent, the new banks are offering salary hikes ranging from 30% to 100%. This is also brought out by (Parmar, 2015) who observed that employees at middle and junior management levels look for rapid growth in grade and salary and often feel that their aspirations could be fulfilled by moving to a new organization.

For the practice of outsourcing organizational activities or bringing in external trainers whenever required, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 8.883$, $p = 0.031$, with a mean rank score of 14.94 for retail sector, 16.75 for IT/ITES sector, 25.42 for hospitality and 27.75 for banking

sector. In banking as well as hospitality sectors, there is a practice to call in external experts or outsource work whenever required. In banking sector outsourcing options are used to improve efficiencies. Some activities being outsourced by banks were found to be ATM maintenance, collection of defected loans and employee training. In case of hospitality sector too, the practice of calling external experts to train the staff was noted.

For the practice of selecting an employee who will fit in organization culture, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 10.209$, $p = 0.017$, with a mean rank score of 17.38 for retail sector, 29.50 for IT/ITES sector, 21.42 for hospitality and 15.30 for banking sector. In IT/ITES sector at time of employee selection, screening for culture fit was an essential part of selection process. In IT/ITES sector, employees need to frequently extend their working hours till late nights. In this kind of culture, finding employee fit to the organizational culture becomes important.

The p-value (table 7.7) for rest of the seven practices of talent acquisition except three listed above were found to be more than the alpha value of 0.05. This justifies acceptance of null hypothesis of there being no significant difference in remaining seven practices related to talent acquisition, across the four verticals of banking, retail, IT/ITES and hospitality.

Based on the mean rank scores as presented above (table 7.8) and personal observations it has been found that IT/ITES sector stands apart from other three sectors under study, with respect to making efforts to create employer brand. TCS IT Wiz, an IT quiz for school students is conducted by TCS every year across schools in India in an effort to create its employer brand among youngsters. To fill up the senior positions in Wipro first priority is always given to existing employees. In the entire IT/ITES sector, employees are generally encouraged to provide references of talented candidates.

In banking sector, Kotak Mahindra bank in collaboration with ITM Group of Institutions, offers junior probationary officer training programme to students and selected candidates are offered a career with Kotak Mahindra Bank.

7.5 TALENT DEPLOYMENT

Talent deployment comprises of practices related to employee - job fit and crafting job design for employees. Talent deployment is at the heart of employability component, which is commonly referred to as the new psychological contract. Deployment practices make for a key component of the employer brand. A total of five statements are framed to assess the differences among talent deployment practices across the four verticals of service sector under study.

To study whether talent deployment practices vary significantly across the four types of service sectors namely IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.5}$ is framed.

$H_0^{7.5}$: Talent management practices related to talent deployment do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test and no significant difference across the four verticals of service sector is found when compared for five practices of talent deployment (Table 7.9).

Table 7.9: Test Statistics of Practices Related to Talent Deployment

S No	Practices	Chi-Square	df	p-value
1	The deployment of corporate talent is a corporate responsibility rather than a divisional or functional one	4.043	3	.257
2	Jobs are assigned to the employees in accordance with their capacities and interest	5.215	3	.157

3	Organizational standards exist in the company to measure the appropriateness of deployment decisions	5.326	3	.149
4	In this organization employees in consultation with their managers can alter the set of job responsibilities prescribed for him	.355	3	.949
5	In this organization employees in consultation with their managers can alter how, when, or with whom employees interact while performing their jobs	3.339	3	.342
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

Table 7.10: Ranks of Practices Related to Talent Deployment

S.No.	Practice	Sector	Mean Rank
1	The deployment of corporate talent is a corporate responsibility rather than a divisional or functional one	Retail	22.44
		IT/ITES	19.00
		Hospitality	19.00
		Banking	26.75
2	Jobs are assigned to the employees in accordance with their capacities and interest	Retail	25.00
		IT/ITES	17.63
		Hospitality	26.13
		Banking	17.80
3	Organizational standards exist in the company to measure the appropriateness of deployment decisions	Retail	13.94
		IT/ITES	21.46
		Hospitality	22.75
		Banking	26.10

4	In this organization employees in consultation with their managers can alter the set of job responsibilities prescribed for him	Retail	21.81
		IT/ITES	21.13
		Hospitality	20.54
		Banking	22.85
5	In this organization employees in consultation with their managers can alter how, when, or with whom employees interact while performing their jobs	Retail	17.13
		IT/ITES	23.25
		Hospitality	21.50
		Banking	22.90

The significance value for all five practices of talent deployment are found to be more than the alpha value of 0.05. This justifies the acceptance of null hypothesis of there being no significant difference in all listed practices related to talent deployment, across four verticals of banking, retail, IT/ITES and hospitality sectors.

Based on the mean rank scores as presented above (table 7.10) and through personal interactions, it can be concluded that the practice of altering the set of job responsibilities by employees, in consultation with their managers, is prevalent in all the sectors. Organizational standards exist in all companies across four sectors to measure the appropriateness of deployment decisions, but this practice is marginally more prominent in banking sector. Likewise, as compared to retail sector, the practice of altering, how, when, or with whom employees interact while working, in consultation with their managers, is marginally more prevalent in IT/ITES sector.

In case of retail sector, Big Bazaar is having an induction program named ‘PRARAMBH’ and Lifestyle retail is having an onboarding program named ‘Get Connected’ for organizational socialization of new hires.

7.6 TALENT DEVELOPMENT

Talent development practices are related to developmental planning, education and training, development dialogues and talent movement in the form of job rotation. A total

of nine statements are framed to assess the differences among talent development practices across the four verticals of service sector.

To study whether talent development practices vary significantly across the four types of service sectors, namely, IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.6}$ is framed.

$H_0^{7.6}$: Talent management practices related to talent development do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H, test as responses collected from managerial cadre from different service sector organizations are not found to be normally distributed. For talent development practice in statement number 2 (Table 7.11) a difference across the four verticals of service sector is found.

Table 7.11: Test Statistics on Practices Related to Talent Development

S.No.	Practices	Chi-Square	df	p-value
1	Adequate budget is allocated to meet the training need of all employees	4.868	3	.182
2	Development resources are targeted appropriately based on those who need them most	7.992	3	.046
3	Training programs focus on development of strategic competencies	1.851	3	.604
4	Appropriate training programs are designed as per needs of different departments and categories of employees	2.945	3	.400

5	Employees are provided with options to select from a pool of training programs offered to them	6.359	3	.095
6	Employees are suggested with training program to enhance their capabilities	1.322	3	.724
7	Mentor-mentee relationship is practiced across the organization	3.503	3	.320
8	New employees are trained by making them spend time watching a seasoned expert	3.046	3	.385
9	Job rotation are used to provide development opportunities	5.954	3	.114
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

For the practice of targeting development resources appropriately based on those who need them most, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 7.992, p = 0.46$, with a mean rank score of 26.38 for retail sector, 25.75 for IT/ITES sector, 14.67 for hospitality and 20.70 for banking sector. This practice of talent development is found to be least important in hospitality sector. All respondents across the hospitality sector organizations admitted that the employees have to go for all scheduled training sessions during different times of year. It was observed that offering need based trainings to an individual employee was less frequently practiced.

The significance value for rest of the practices of talent development, like allocation of adequate employee training budget, offering employees a pool of training programs and assigning mentor to employees etc. found to be more than 0.05. This justifies the acceptance of null hypothesis of there being no difference in all these practices related to talent development across four verticals of banking, retail, IT/ITES and hospitality.

Table 7.12: Ranks of Practices Related to Talent Development

S.No.	Practice	Sector	Mean Rank
1	Adequate budget is allocated to meet the training need of all employees	Retail	20.88
		IT/ITES	15.96
		Hospitality	24.75
		Banking	24.75
2	Development resources are targeted appropriately based on those who need them most	Retail	26.38
		IT/ITES	25.75
		Hospitality	14.67
		Banking	20.70
3	Training programs focus on development of strategic competencies	Retail	17.50
		IT/ITES	20.42
		Hospitality	23.25
		Banking	23.90
4	Appropriate training programs are designed as per needs of different departments and categories of employees	Retail	16.38
		IT/ITES	23.17
		Hospitality	24.33
		Banking	20.20
5	Employees are provided with options to select from a pool of training programs offered to them	Retail	12.38
		IT/ITES	24.33
		Hospitality	22.75
		Banking	23.90
6	Employees are suggested with training program to enhance their capabilities	Retail	18.13
		IT/ITES	23.71
		Hospitality	21.75
		Banking	21.25
7	Mentor-mentee relationship is practiced across the organization	Retail	21.13
		IT/ITES	18.63
		Hospitality	19.88

		Banking	27.20
8	New employees are trained by making them spend time watching a seasoned expert	Retail	17.81
		IT/ITES	24.88
		Hospitality	23.25
		Banking	18.30
9	Job rotation are used to provide development opportunities	Retail	18.50
		IT/ITES	28.00
		Hospitality	18.17
		Banking	20.10

Based on the mean rank scores as presented (Table 7.12) and observations made at time of data collection it has been found that Practice of job rotation is used more in the IT/ITES sector to train employees. In IT/ITES sector new employees are trained by making them spend time watching a seasoned employee and managers make more frequent suggestions to employees to take up training programs, as compared to other three sectors.

In IT/ITES, banking and hospitality, the practice of offering an employee a pool of training programs to choose from, is more used as compared to retail sector. In banking sector, at ICICI bank, employee mentoring by senior officials is practiced to develop a leadership pipeline. At Axis bank, employees are provided facility of Axis academy, which is an online learning platform offered by the bank to help employees undertake e-learning courses based on their convenience.

In IT sector, at TCS, science graduates who get themselves converted to business consultant roles have to undergo a mandatory seven months training. TCS also uses the practice of job rotation to enhance employee learning and help people in achieving their career objectives.

In retail sector, at Lifestyle retail, front-end employees are educated and engaged using theatre method. In Future retail, new front line recruits are provided first with 5 days of in house training at training center and then with 5 weeks of on the job training at a store, which is directed by local store manager.

In hospitality sector, at Trident hotels, employee role rotation is practiced to facilitate cross functional learning. In Taj hotels, selected employees are offered a chance to participate in leadership programs.

7.7 PERFORMANCE MANAGEMENT

Performance management of employees includes practices related to performance planning, performance support and performance appraisal. A total of nine statements are framed to assess the differences among performance management practices across the four verticals of service sector.

To explore for any variation across performance management practices, hypothesis $H_0^{7.7}$ is framed.

$H_0^{7.7}$: Talent management practices related to performance management do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test and no significant difference across the four verticals of service sector is found when compared for nine practices of performance management (Table 7.13).

Table 7.13: Test Statistics of Practices Related to Performance Management

S No	Practices	Chi-Square	df	p-value
1	Performance goals are set in consultation with employees	2.689	3	.442
2	Manager ensures that all employees have a clear line of sight between their goals and Enterprise goals	1.926	3	.588

3	Manager ensures coordination in goal setting between one group and other groups where goals are interdependent	1.537	3	.674
4	Employees are provided with resources and support they need for doing their work	3.664	3	.300
5	Supervisors at all levels conduct talent reviews periodically (2-4 times a year)	.895	3	.827
6	Supervisors provide counselling and guidance to employees to improve their performance, potential and skills	7.267	3	.064
7	All levels of employees are given regular feedback on their performance in the organization	2.168	3	.538
8	Performance appraisal standards and parameters are clearly communicated to employees	1.974	3	.578
9	An employee is publicly recognized for good performance and is rewarded	2.323	3	.508
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

Table 7.14: Ranks of Practices Related to Performance Management

S.No.	Practice	Sector	Mean Rank
1	Performance goals are set in consultation with employees	Retail	24.56
		IT/ITES	19.63
		Hospitality	18.50
		Banking	24.90

2	Manager ensures that all employees have a clear line of sight between their goals and Enterprise goals	Retail	18.75
		IT/ITES	22.83
		Hospitality	19.50
		Banking	24.50
3	Manager ensures coordination in goal setting between one group and other groups where goals are interdependent	Retail	20.63
		IT/ITES	24.92
		Hospitality	19.92
		Banking	20.00
4	Employees are provided with resources and support they need for doing their work	Retail	23.75
		IT/ITES	16.38
		Hospitality	24.08
		Banking	22.75
5	Supervisors at all levels conduct talent reviews periodically (2-4 times a year)	Retail	19.25
		IT/ITES	20.50
		Hospitality	22.08
		Banking	23.80
6	Supervisors provide counselling and guidance to employees to improve their performance, potential and skills	Retail	25.25
		IT/ITES	14.38
		Hospitality	22.75
		Banking	25.55
7	All levels of employees are given regular feedback on their performance in the organization	Retail	18.25
		IT/ITES	20.00
		Hospitality	21.92
		Banking	25.40
8	Performance appraisal standards and parameters are clearly communicated to employees	Retail	23.63
		IT/ITES	18.00
		Hospitality	21.54
		Banking	23.95
9		Retail	16.25

An employee is publicly recognized for good performance and is rewarded	IT/ITES	21.58
	Hospitality	23.00
	Banking	23.80

Based on the mean rank scores presented above (table 7.12) and observations made at time of data collection it has been found that practice of setting performance goals in consultation with employees is used relatively less in hospitality sector as compared to IT/ITES, banking and retail sectors. Practice of regular feedback on employee performance is more prevalent in the banking sector as compared to rest of the three sectors. In retail and banking sectors, the practice of supervisors providing counselling and guidance to employees to improve their performance, is used more as compared to the other two sectors. The reason could be ambitious sales targets in these sectors

In IT sector, Wipro follows a practice of skip level feedback, which increases communications among teams and between team members. In Infosys, employee compensation is linked to employee's individual performance, the team performance and overall performance of the organization.

In Retail sector, at Shoppers Stop retail, there is a practice to conduct annual knowledge test for entry and middle level employees, related to employee's respective roles and responsibilities and is part of performance appraisals. In hospitality sector, Trident hotels conduct performance appraisals twice a year.

7.8 CAREER PLANNING AND SUCCESSION MANAGEMENT

In this part of talent management, practices like career planning, succession planning and leadership development are compared for differences across four verticals under study. A total of nine statements are framed to assess the differences among career planning and succession management practices across the four verticals of service sector.

To study any variation across career planning and succession management practices, hypothesis $H_0^{7.8}$ is framed.

$H_0^{7.8}$: Talent management practices related to career planning and succession management do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test and no statistically significant difference across the four verticals of service sector is found when compared for nine practices of career planning and succession management (Table 7.15).

Table 7.15: Test Statistics of Practices Related to Career Planning and Succession Management

S.No.	Practices	Chi-Square	df	p-value
1	We have a formal career planning process for different levels of employees	2.455	3	.483
2	Career discussions are held with talented employees on a regular basis	2.916	3	.405
3	Employees are given an opportunity to state their career options	2.507	3	.474
4	Roles/Jobs are created or modified to help individuals fulfill their career aspirations	2.953	3	.399
5	We have a formal plan for employee replacement at key leadership positions in emergent situations.	5.491	3	.139
6	Employees for succession planning for various positions are identified and especially groomed.	5.008	3	.171
7	The organization consciously focuses on developing the next generation leaders at different levels.	2.864	3	.413

8	Skills and competencies required for various leadership positions are systematically identified.	.697	3	.874
9	We Provide talented employees with developmental assignments to prepare them for larger roles in the organization	2.680	3	.444
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

The significance value for all nine practices of career planning and succession management is found to be more than the alpha value of 0.05. This makes the researcher to accept the null hypothesis of there being no difference in these practices across four verticals of banking, retail, IT/ITES and hospitality.

Table 7.16: Ranks of Practices Related to Career Planning and Succession Management

S.No.	Practice	Sector	Mean Rank
1	We have a formal career planning process for different levels of employees	Retail	21.25
		IT/ITES	17.75
		Hospitality	22.83
		Banking	24.60
2	Career discussions are held with talented employees on a regular basis	Retail	25.00
		IT/ITES	17.83
		Hospitality	20.75
		Banking	24.00
3	Employees are given an opportunity to state their career options	Retail	23.50
		IT/ITES	17.17

		Hospitality	22.58
		Banking	23.80
4	Roles/Jobs are created or modified to help individuals fulfill their career aspirations	Retail	16.50
		IT/ITES	23.25
		Hospitality	20.50
		Banking	24.60
5	We have a formal plan for employee replacement at key leadership positions in emergency situations.	Retail	15.63
		IT/ITES	19.50
		Hospitality	26.50
		Banking	22.60
6	Employees for succession planning for various positions are identified and especially groomed.	Retail	17.13
		IT/ITES	17.75
		Hospitality	25.92
		Banking	24.20
7	The organization consciously focuses on developing the next generation leaders at different levels.	Retail	17.38
		IT/ITES	19.54
		Hospitality	23.08
		Banking	25.25
8	Skills and competencies required for various leadership positions are systematically identified.	Retail	21.56
		IT/ITES	20.88
		Hospitality	20.17
		Banking	23.80

9	We Provide talented employees with developmental assignments to prepare them for larger roles in the organization	Retail	23.44
		IT/ITES	18.42
		Hospitality	19.92
		Banking	25.55

Based on the mean rank scores as presented above (Table 7.12), it can be stated that practice of having a formal plan for employee replacement at key leadership positions, in situation of urgency, is in place across all sectors but most strongly practiced in hospitality sector. Organizations in banking sector consciously focus on developing the next generation leaders at different levels as compared to other three verticals. Practice of creating or modifying roles to help individuals fulfill their career aspirations, is followed relatively less in case of retail sector.

Based on the observations made at time of data collection, it has been found that in IT sector, there is a program called INSPIRE to support succession planning in TCS. Using this program, high-potential employees are identified and groomed by assigning them challenging assignments. In Tech Mahindra, top performing employees are named as ACERS and they are rewarded by inviting them into leadership forums and offering accelerated career growth. In HCL technologies, during mid-year performance reviews, high potential employees are identified and are put on to a fast track career growth. In Hospitality sector, organizations like Lemon Tree hotels identify HiPots i.e. high potential employees and individual development plans are created for them.

7.9 TALENT RETENTION

Talent retention practices are related to workplace flexibility, transparency, differentiation, rewards, trust and equity. A total of sixteen statements are framed to assess the differences among talent retention across the four verticals of service sector.

To study whether talent retention practices varies significantly across the four types of service verticals namely, IT/ITES, retail, banking and hospitality, hypothesis $H_0^{7.9}$ is framed.

$H_0^{7.9}$: Talent management practices related to talent retention do not vary significantly across the verticals.

The hypothesis is tested using Kruskal-Wallis H test as responses collected from managerial cadre from different service sector organizations are not found to be normally distributed. For talent retention practice in statement number 5 (table 7.17), a difference across the four verticals of service sector is found.

Table 7.17: Test Statistics of Practices Related to Talent Retention

S.No	Practices	Chi-Square	df	p-value
1	Employees are provided with flexibly in work (e.g. working from home, flexible timings etc.)	3.345	3	.341
2	Leaves are comfortably granted to employees for meeting their personal and family obligations	3.245	3	.355
3	Measures are taken to help employees balance their professional and personal lives.	3.252	3	.354
4	Supervisors attend to challenges and feedback of employees.	1.193	3	.755
5	Employee-morale surveys are periodically conducted to assess the views of employees regarding organizational environment	9.084	3	.028
6	Line managers provide employees with all information relevant to their performance and needs.	.601	3	.896
7	Information about talented employees is shared with everyone.	3.413	3	.332

8	The organization acknowledges the uniqueness of every employee and treats them accordingly.	1.443	3	.696
9	Organization has created a meaningful message of differentiation in employment market	1.132	3	.769
10	We have put effective remuneration policies in place to retain key talent	2.477	3	.479
11	Organization allows employees to devote some official time for their personal development	1.709	3	.635
12	Performance below standards is clearly pointed out and penalized	2.654	3	.448
13	Employees are reasonably empowered to take work related decisions	.426	3	.935
14	Organization emphasizes on trust based supportive relationship between employees and managers	.415	3	.937
15	Organization does not differentiate between Males and Females in terms of assigning work, remuneration and promotions.	1.429	3	.699
16	The appraisal processes across the organization are uniform.	3.467	3	.325
<i>a. Kruskal Wallis Test</i>				
<i>b. Grouping Variable: Sector</i>				

For the practice of conducting employee surveys to assess their views regarding organizational environment, Kruskal-Wallis H test showed that there was a statistically significant difference among the four sectors, $\chi^2(3) = 9.084$, $p = 0.28$, with a mean rank score of 10.88 for retail sector, 24.25 for IT/ITES sector, 24.25 for hospitality and 23.40 for banking sector. Conducting formal employee morale surveys is found to be least practiced in the retail vertical where there are no set periodic surveys to assess the views

of employees regarding organizational environment. At the retail store level, however, informal feedback is collected from employees by the supervisors, about the working environment. In Hospitality sector, at Taj hotels and at lemon tree hotels, regular feedback surveys are conducted to understand overall satisfaction level of employees.

The significance value for rest of the practices of talent retention except practice number five (table 7.17) was found to be more than the alpha value of 0.05. This makes the researcher to accept the null hypothesis of there being no difference in all these practices across four verticals of banking, retail, IT/ITES and hospitality related to talent retention.

Table 7.18: Ranks of Practices Related to Talent Retention

S.No.	Practice	Sector	Mean Rank
1	Employees are provided with flexibility in work (e.g. working from home, flexible timings etc.)	Retail	16.50
		IT/ITES	19.58
		Hospitality	24.67
		Banking	24.00
2	Leaves are comfortably granted to employees for meeting their personal and family obligations	Retail	23.44
		IT/ITES	25.04
		Hospitality	17.33
		Banking	20.70
3	Measures are taken to help employees balance their professional and personal lives.	Retail	23.25
		IT/ITES	21.63
		Hospitality	17.13
		Banking	25.20
4	Supervisors attend to challenges and feedback of employees.	Retail	23.75
		IT/ITES	19.00
		Hospitality	21.00
		Banking	23.30
5		Retail	10.88
		IT/ITES	24.25

	Employee-morale surveys are periodically conducted to assess the views of employees regarding organizational environment	Hospitality	24.25
		Banking	23.40
6	Line managers provide employees with all information relevant to their performance and needs.	Retail	20.50
		IT/ITES	21.58
		Hospitality	23.42
		Banking	19.90
7	Information about talented employees is shared with everyone.	Retail	25.50
		IT/ITES	16.92
		Hospitality	22.79
		Banking	22.25
8	The organization acknowledges the uniqueness of every employee and treats them accordingly.	Retail	17.63
		IT/ITES	23.00
		Hospitality	21.33
		Banking	23.00
9	Organization has created a meaningful message of differentiation in employment market	Retail	18.00
		IT/ITES	22.00
		Hospitality	21.54
		Banking	23.65
10	We have put effective remuneration policies in place to retain key talent	Retail	19.00
		IT/ITES	20.00
		Hospitality	25.71
		Banking	20.25
11	Organization allows employees to devote some official time for their personal development	Retail	21.19
		IT/ITES	18.21
		Hospitality	24.17
		Banking	22.50
12		Retail	26.00

	Performance below standards is clearly pointed out and penalized	IT/ITES	19.00
		Hospitality	20.75
		Banking	21.80
13	Employees are reasonably empowered to take work related decisions	Retail	21.00
		IT/ITES	23.25
		Hospitality	20.42
		Banking	21.10
14	Organization emphasizes on trust based supportive relationship between employees and managers	Retail	23.25
		IT/ITES	20.58
		Hospitality	21.92
		Banking	20.70
15	Organization does not differentiate between Males and Females in terms of assigning work, remuneration and promotions.	Retail	18.94
		IT/ITES	20.21
		Hospitality	24.38
		Banking	21.65
16	The appraisal processes across the organization are uniform.	Retail	20.19
		IT/ITES	18.38
		Hospitality	26.17
		Banking	20.70

Based on the mean rank scores as presented above (table 7.18), the practice of pointing out below standard performance is found to be followed relatively more in IT/ITES sector. In HCL technologies, low performers are penalized using a practice of “claw back” incentives i.e. withdrawing employee incentives. In case of IT/ITES and banking vertical the practice of acknowledging uniqueness of every employee is relatively more as compared to rest of the two verticals. Supervisors across all organizations follow the practice of attending to challenges and feedback of employees to maintain smooth conduct of operations.

Based on the personal interactions made at time of data collection it has been found that in IT vertical, at Wipro technologies, employee feedback survey is done on annual basis to

understand the perception of employees. These surveys are conducted through external agencies to remove bias and subsequently initiating measures to keep the employee morale high.

Certain retention practices worth mentioning about TCS and Wipro in IT vertical are that both organizations offer three months paid paternity/maternity leave to employees for biological as well as adopted child. At Infosys, employees can opt for one-year sabbatical at any point in their careers. At Tech Mahindra, top 20% of best performing employees are awarded with much higher performance incentives, as compared to rest of the employees. In retail sector, at Westside retail, in order to encourage gender diversity, women are offered flexible working hours and can go home early.

The preceding analysis reveals that only six of the seventy-five practices viz. defining employees with long term contribution to the company as 'talent', employee poaching, employee selection based on culture fit, calling external experts or outsourcing work to improve efficiencies, targeting development resources on those who need them the most and conducting periodic employee-morale surveys, were found having statistically significant differences across four verticals under study. For rest of the practices the alpha value of more than 0.05 leads to the conclusion that there is no statistically significant difference across four verticals of banking, retail, IT/ITES and hospitality.

CHAPTER 8

TALENT MANAGEMENT INDEX

Considering the importance of managing talented employees, organizations are indulging in different practices, much of which are usually reactionary. The need of the hour is to have standard measuring and reporting tool to assess effectiveness of talent management practices among employees, and to regularly fine tune the same in accordance with the changing aspirations of employees and the evolving competitive trends. With this perspective in mind, an attempt has been made to develop an index to measure effectiveness of talent management practices.

This proposed index has been developed using three constituents i.e. affective commitment of employees, employee perception regarding relative importance of talent management components and talent management challenges perceived by employees.

For the creation of this index, data generated for the study has been used, which includes 457 respondents across 20 different organizations and four different verticals of service sector i.e. banking, IT&ITES, retail and hospitality. In order to determine the relative weights of the three proposed constituents of the index, feedback was taken from four respondents from the management cadre representing each vertical under study. In addition, opinion of four academic experts was also sought on the relative weights of the same constituents. Subsequently, the index score was calculated by multiplying the weight of each constituent with the respective category score.

8.1 CONSTITUENTS OF THE INDEX

8.1.1 Affective Commitment of Employees

Commitment of employees is not only indicative of the probability of his leaving the organization but also a determinant of his productivity and efficiency. Hence, it is considered as the most important component of the index carrying weightage of 50% from among three constituents of the index. Commitment is a key measure to assess employee

turnover intention (Dockel et al., 2006; Muir & Li, 2014). Cappelli (2000) found that talent management practices need to ensure continuous commitment of talent in the organization. In order to evaluate employee commitment, the 15-item Organizational Commitment Questionnaire (OCQ) version of Mowday et al. (1979) has been used as detailed in chapter 4. This 15-item scale helps in measuring employee’s commitment towards organizational values and goals; and employee’s commitment to stay with the organization. The negatively stated item in the instrument having serial number 3,7,9,11, 12 and 15 needs to be reversed at the time of scoring to align the scale. Table 8.1 reflects the instrument to score affective commitment.

Table 8.1: Instrument to Score Affective Commitment

S. No.	*Response Score (1-5)	Items
1	_____	I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.
2	_____	I talk up this organization to my friends as a great organization to work for.
3	_____	I feel very little loyalty to this organization. (reversed)**
4	_____	I would accept almost any type of job assignment in order to keep working for this organization.
5	_____	I find that my values and the organization's values are very similar.
6	_____	I am proud to tell others that I am part of this organization.
7	_____	I could just as well be working for a different organization as long as the type of work were similar (reversed) **
8	_____	This organization really inspires the best in me in the way of job performance.
9	_____	It would take very little change in my present circumstances to cause me to leave this organization (reversed) **
10	_____	I am extremely glad I chose this organization to work for over others I was considering at the time I joined.
11	_____	There's not much to be gained by sticking with this organization indefinitely. (reversed) **

12	_____	Often, I find it difficult to agree with this organization's policies on important matters relating to its employees. (reversed) **
13	_____	I really care about the fate of this organization.
14	_____	For me, this is the best of all organizations for which to work.
15	_____	Deciding to work for this organization was a definite mistake on my part (reversed) **
<p>* Response score captured on a scale of 1 to 5 moving from strong disagreement to strong agreement. ** Response score for statement with serial number 3,7,9,11,12 & 15 to be reversed i.e. score of 1 would become 5 or score of 4 would become 2.</p>		

Score on scale for affective commitment will range between 15 to 75, based on the sum of responses. This range was further classified as presented in table 8.2. Response score of each statement will be summed up and interpreted against Table 8.2 for assessing the level of affective commitment.

Table 8.2: Representation of Level of Affective Commitment

Category Score	Score Range
3	Greater than equal to 60 and less than equal to 75
2	Greater than equal to 30 and less than 60
1	Greater than equal to 15 and less than 30

8.1.2 Relative Importance of Talent Management Components to Employees

In order to contribute in building a broader approach to talent management, Thunnissen (2016) clearly pointed a need to consider employee perspective on talent management components. To learn about the perception of employees towards different components of talent management, employees were asked to rank the nine components of talent management based on the importance of each component to them (Table 8.3). Ascending ranking from 1 to 9 signified the decreasing importance of a talent management component as perceived by employees. To verify whether the ranking on nine components of talent management given by employees was same across four verticals under study, namely, retail, hospitality, banking and IT&ITES, Frideman's test was applied as detailed in chapter 5. Frideman's test found that there was a no statistically significant difference in the

perceived importance of talent management components by employees across the four verticals of service sector with $\chi^2(2) = 0.662, p = 0.882$.

Base ranks were finalized considering the average rank score of all nine components by employees across all verticals. All the components having mean score of more than 5 were deemed important to be considered as part of the proposed index. By virtue of the above criteria, Table 8.3 represents the top six ranked components with talent retention rated as most important and followed by the rest.

Table 8.3: Most Important Talent Management Components to Employees

Top four components	Rank
Talent retention	1
Career planning and succession management	2
Talent deployment	3
Performance management	4
Talent acquisition	5
*Talent development	6
<i>*The mean score of component of talent development (4.97) has been rounded up to five.</i>	

Score for relative importance of talent management components will range between -18 to 0, based on the sum of responses and the distance from base score. This range has been further classified as represented in Table 8.4. Distance from base score will need to be summed up and interpreted using Table 8.4 for assessing the level of relative importance of talent management components to employees.

Table 8.4: Representation of Level of Agreement with the Base Sector Score

Category Score	Score Range
3	Equal to or less than 0 and greater than -6
2	Equal to or less than -6 and less than -12
1	Equal to or less than -12 and equal to -18

All the nine components will be ranked by the respondents in any organization and thereafter, the ranked distance of the responses with respect of the six shortlisted components of talent management needs to be computed by subtracting the respondents rank score from the base score as in Table 8.5.

Table 8.5: Calculation for Distance from Base Score for Talent Management Components

Talent Management Components	Base Score (s)	Rank assigned by a respondent (b)	Distance of scores from base score in (s-b)
Talent retention	1	2	-1
Career planning and succession management	2	1	1
Talent deployment	3	5	-2
Performance management	4	4	0
Talent acquisition	5	7	-2
Talent development	6	6	0
Talent strategy and governance	X	8	Not Considered
Talent identification	X	9	Not Considered
Talent assessment	X	3	Not Considered
Distance from base score			-4
*Respondents needs to score all the nine components based on each component perceived importance. ** Rank of 1 signifies highest importance and 9 signifies least importance.			

Hypothetical responses have been computed in Table 8.5 to demonstrate the calculation of distance of respondents ranks from the base score

8.1.3 Talent Management Challenges to Employees

Based on research gap identified during literature review, the perception of employees with respect to challenges felt in the organizations regarding management of talent indicative of the effectiveness of talent management practices has been taken as a constituent. To measure the score of challenges of talent management as perceived by the staff, a scale consisting of 16 items has been used. These 16 items consisted of five challenges pertaining to lack of trust and transparency, lack of supervisory support, inadequate growth and development, unmet employee expectations and unrealistic target assignment. The five challenges were identified using exploratory factor analysis from a set of thirty items as detailed in chapter 6. All statements were negatively stated, so the score was reversed to align with direction of other two constituents. Table 8.6 reflects the instrument to score employee perception relating to challenges of talent management.

Table 8.6: Instrument to Measure Challenges of Talent Management to Employees

S. No.	*Response Score (1-5)	Items
1	_____	I do not find the talent assessment processes of the organization as fair and equitable.
2	_____	I am unclear about whether I am considered as a potential employee in my organization.
3	_____	I do not have clarity about, how my work contributes to the growth of this company
4	_____	Highly talented employees are not attracted to the organization due to Lack of employee benefits.
5	_____	I do not have clarity about long term plans of my company
6	_____	Adequate support is not available by way of performance review and counselling by supervisors to make performance corrections
7	_____	I am not clear about how my performance is evaluated
8	_____	Talent is not given due attention in my organization
9	_____	My organization does not facilitate employee development

10	_____	The employee compensation and growth are not based on employee performance
11	_____	I have no role in deciding my key result areas and the targets for performance
12	_____	Talent retention in my organization is poor due to lack of equity and justice in decision making
13	_____	Talent retention in my organization is poor due to Insufficient attention towards need and aspiration of talented employees
14	_____	Talent retention in my organization is poor due to unrealistic work targets
15	_____	Talent retention in my organization is poor due to unhelpful behavior of immediate superiors
16	_____	Seniors unwilling to differentiate talent
<p><i>* Response score captured on a scale of 1 to 5 moving from strong disagreement to strong agreement.</i> <i>** Response score for all statement to be reversed i.e. score of 1 would become 5 or score of 4 would become 2.</i></p>		

This range was further classified as represented in table 8.7. Score on the scale for perceived talent management challenges ranged between 16 to 80, based on the sum of responses.

Table 8.7: Representation of level of TM challenges to Employees

Category Score	Score Range
3	Greater than equal to 64 and less than equal to 80
2	Greater than equal to 32 and less than 64
1	Greater than equal to 16 and less than 32

8.2 WEIGHTAGES FOR INDEX CONSTITUENTS

Having decided on three constituents of the proposed index as derived from the study, the respective weightage to be given to each of the constituents needed to be determined. As no literature support was available, opinion was sought from four respondents from the management cadre representing each vertical under study. In addition, opinion of four academic experts was also sought on the relative weights of the same constituents. Based

on the suggested weights the below mentioned score was computed as under category score of each constituent (Table 8.9)

Table 8.8: Suggested Weights from Industry and Academic Expert

Opinion From	Constituents		
	Affective commitment	Relative importance of TM components	Challenges to staff
Industry Official 1	0.5	0.2	0.3
Industry Official 2	0.6	0.2	0.2
Industry Official 3	0.7	0.15	0.15
Industry Official 4	0.5	0.2	0.3
Academic Expert 1	0.3	0.2	0.5
Academic Expert 2	0.5	0.2	0.3
Academic Expert 3	0.6	0.1	0.3
Academic Expert 4	0.5	0.2	0.3

Table 8.9: Weightages of Three Elements in Index

Index Components	Weightage
Affective commitment (w1)	0.5
Relative importance of TM components (w2)	0.2
Challenges to staff (w3)	0.3
Total	1

8.3 PROPOSED INDEX OF TALENT MANAGEMENT PRACTICES EFFECTIVENESS

This proposed effectiveness of talent management practices index is a composite index comprising of three different elements. The mathematical function of the index is

$$Z = \alpha w_1 + \beta w_2 + \gamma w_3$$

Where:

Z = Effectiveness Score; α = category score of affective commitment; β = category score of relative importance of TM components; γ = category score of TM challenges to staff; w_1 = weightage of affective commitment; w_2 = weightage of relative importance of TM components; w_3 = weightage of TM challenges to staff.

The effectiveness score (Z) can lie in the range of 1 to 3. This range has been further categorized into following classification represented in Table 8.10. Refer to annexure-II for detailed table of 'Z' score categorization.

Table 8.10: Effectiveness of Talent Management Practices

Effectiveness of talent management practices	Score Range
Excellent	Greater than equal to 2.5 and less than 3
Good	Greater than equal to 2 and less than 2.5
Fair	Greater than equal to 1.5 and less than 2
Poor	Greater than equal to 1 and less than 1.5

8.4 VALIDATION OF INDEX

For the purpose of validation of index, the scores of affective commitment of employees, employee perception regarding relative importance of talent management components and

talent management challenges perceived by employees, already obtained from respondents of four companies under study, were used and their effectiveness of talent management practices was computed as under. For the sake of confidentiality, the names of the companies have been mentioned as A, B, C and D (Table 8.11).

Table 8.11: Validation of Index

Company	Z-Score	Effectiveness of talent management practices
A	2.3	Good
B	2.8	Excellent
C	2.3	Good
D	2.6	Excellent

Subsequently, the effectiveness of talent management practices score of each company was shared with one of the representatives of senior management of the respective companies to seek their agreement with the final diagnosis. For this purpose, e-mails containing the process for formation of the index of effectiveness of talent management practices along with the effectiveness scores and the procedure for calculating the effectiveness scores (Z-score) were sent. Management representatives of all the four companies indicated their concurrence with the results obtained through the index. The responses of the companies as well as general perception among the employees about the effectiveness of talent management practices amply validates the proposed index.

The proposed index is more comprehensive in comparison to the existing indexes and incorporates three constituents i.e. affective commitment of employees, employee perception regarding relative importance of talent management components and talent management challenges perceived by employees. The three proposed constituents have been assigned weights and the index has been validated.

CHAPTER 9

SUMMARY AND CONCLUSIONS

The present study seeks to explore the effectiveness of talent management practices adopted by various verticals of the service sector which faces high rates of employee attrition, resulting in reduced efficiency and increased training costs. It further analyses the importance of various talent management components to employees, the perceived challenges faced by both employees and organizations in relation to talent management. Considering the need to have a comprehensive assessment tool to measure the effectiveness of talent management practices among employees, an attempt has also been made to develop an index for the same.

The above objectives have been chosen based on an exhaustive literature review. Most of the literature review revolved around the practices of talent management and the challenges faced by employers. Attempts have been made to examine talent management practices across various sectors. However, not much effort has been made to analyse talent management practices across banking, retail and hospitality sectors in the Indian context. Existing literature does not elaborate upon the challenges of talent management as perceived by employees, particularly in Indian business context. Most of the existing studies reviewed have studied only a few components of talent management and a comprehensive study is warranted to explore the relative importance of various talent management components for employees.

Service sector has been selected for the study as it a major contributor to national income, trade flows, FDI inflows, and employment. Scope of the study is limited to four verticals of service sector i.e. banking, IT & ITES, hospitality and retail, contributing 21.6%, 9.6%, 12.6% and 10% to the GDP respectively. In all twenty companies, five from each vertical, have been identified on the basis of their market capitalization in the respective vertical. In second stage, data has been collected from 457 staff members and 42 managerial cadre employees spread across five companies from each vertical. In each of the selected twenty companies, judgment sampling was used, taking a maximum of twenty-five staff members

and two officials of managerial cadre. The geographic spread of the sample is limited to the states of Punjab, Haryana and union territory of Chandigarh.

For the purpose of this study, data has been collected for nine different components of talent management comprising of talent strategy and governance, talent identification, talent assessment, talent acquisition, talent deployment, talent development, performance management, career planning and succession management and talent retention.

Based on results and discussions, the key findings and conclusions from this study has been recapitulated and presented in the following sections. Based on findings of the study a few recommendations have also been made.

9.1 FINDINGS

9.1.1 Relative Importance of Talent Management Components to Employees

Organization and its employees are two equally important participants in talent management. An understanding of employee perspective towards talent management can help organizations to capture both the “hearts” and “minds” of today’s work-force. To learn about the perception of employees towards different components of talent management, employees were asked to rank the nine components of talent management based on the importance of each component to them. In order to find out the relative importance of talent management components from the perspective of employees, descriptive statistics were applied.

Out of the nine components of talent management, the component of talent retention is perceived to be most important by service sector employees. This highlights the perception of employees that management should retain employees through practices of fair remuneration, opportunities for growth, challenging assignments and work life balance etc. Next in order of preference, the employees have been found to value career planning and succession management component of talent management. Employees expect their organizations to offer them with clear career path options as well as clear policy on succession management to allow employees to evaluate their growth prospects in the organization, to match their career aspirations. The third most important component of

talent management as per employee's perception is found to be appropriate deployment of talent followed by effective performance management, talent acquisition and talent development in that order.

To understand the differences in perception of employees across verticals an analysis was under taken in banking, IT & ITES, retail and hospitality. Using *Friedman test*, no statistically significant difference in the perceived importance of talent management components by employees across the four verticals of service sector was observed. However, talent retention remained the most important component of talent management as perceived by employees of service sector organizations across all four verticals. In case of IT & ITES vertical, the component of performance management has been given equally high importance by employees alongside the component of talent retention. This is probably due to project based work in the sector which requires continuous performance management.

For the component of career planning and succession management, a high mean score was reported among the employees belonging to banking and hospitality sectors. This concern can be attributed to the fact that people in these sectors usually look for relatively more stable careers and hence, value clarity regarding career path and succession.

Putting an employee to do a job that best matches one's potential, is taken seriously by employees across all four verticals under study. In case of retail, banking and IT & ITES verticals, employees indicated that proper job deployment will lead to better career opportunities as they will be able to show their true potential.

In IT & ITES vertical, employees assigned relatively high importance to the component of talent development, compared with other three verticals in view of the perpetual importance of updating on new technologies.

9.1.2 Effectiveness of Talent Management Practices

It is important to continuously evaluate the effectiveness of talent management practices in order to revamp them to match the evolving aspirations of the employees and the changing trends in the industry. The most pertinent measure to judge the effectiveness of

talent management practices would be the affective commitment among its employees, which is also indicative of the probability of his leaving the organization. In order to evaluate the effectiveness of talent management practices used by different organizations to manage talent, the level of affective commitment among their employees was studied using the 15-item Organizational Commitment Questionnaire (OCQ) version of Mowday, Steers and Porter (1979). Affective commitment relates to an employee's emotional attachment with the job and signifies how much an employee is motivated to stay with the present organizations. Following results are found on analysis:

- i. The level of affective commitment among employees is found to be the highest among employees in the IT & ITES. Employees in hospitality sector ranked second across the four verticals and banking sector reported the lowest score.
- ii. Commitment to stay, which indicates the feeling of continued membership among the employees, like feeling of loyalty towards the organization was highest among employees who are working in IT & ITES vertical and the same was found to be the lowest with banking sector employees.
- iii. Value commitment, which signifies an employee's feeling of pride in association with the organization, was also found to be the highest among employees in IT & ITES vertical.
- iv. On gender analysis, affective commitment was found to be higher among male employees of the organized service sectors, compared to the females.

9.1.3 Talent Management Challenges

In order to better address the issue of talent management, an attempt was made to bring out the perceived challenges by managerial cadre as well as staff of the service sector.

The fact that, in past years, more than 60% of Indian employers in organized sector have reported the problem of talent shortage, points to the inadequate response to the challenges in the context of talent management. It was thus important to understand the challenges of talent management as perceived by the managerial cadre and the staff.

Separate questionnaires were used to study the challenges perceived by the managerial cadre and staff. Using Exploratory factor analysis (EFA) five challenges were reported, each by the managerial cadre and staff, all having acceptable Cronbach's alpha

The challenges of talent management as reported by the managerial cadre were named as lack of employee engagement, weak systemic credibility, low talent retention, Improper career management and unsatisfactory performance management.

The challenges of talent management as reported by the staff were named as lack of trust and transparency, inadequate supervisory support, inadequate growth and development, unmet employee expectations and unrealistic target assignment.

Comparison of the perceived challenges of talent management to staff across verticals was performed using one-way MANOVA. The results revealed that lack of trust and transparency was most prominent challenge among employees of retail vertical while inadequate growth and development was considered as the foremost challenge by employees in banking vertical of service sector.

9.1.4 Comparison of Talent Management Practices in Service Sector

In order to study the range of talent management practices adopted by the industry and to evaluate their corresponding effectiveness, a questionnaire containing 75 different statements was administered to the respondents of managerial cadre. Kruskal-Wallis H test, has been used to compare the practices across verticals, as data was not found to follow normality of distribution. There is a wide variety of talent management practices followed across industries, from skip level feedbacks in IT/ITES, to online learning platforms in banking organizations, role rotations in hospitality and employees' education using theatre, in the retail vertical.

Out of nine talent management components, practices of each component were compared across four verticals under study. Statistically significant differences in very few practices were observed for four of the nine components viz. talent identification, talent acquisition, talent development and talent retention.

In the component of talent identification, out of six practices, the practice of defining ‘employees with long term contribution to the company as talent’ has reported statistically significant difference across verticals and was most prominently used in banking.

In talent acquisition component, out of ten practices, three practices reported statistically significant difference across verticals. The practice of employee poaching is more prevalent in IT/ITES and banking. Employee selection based on culture fit is found to be an essential part of selection process in IT/ITES. In banking and hospitality verticals, the practice to call in external experts or outsource work are followed to improve efficiency in different functions.

In the component of talent development, out of nine practices, the practice of ‘targeting development resources appropriately, based on those who need them the most’ reported statistically significant difference across verticals. It is found to be relatively least used in hospitality vertical as compared to other three verticals under study.

In the component of talent retention, out of sixteen practices, the practice to ‘conduct periodic employee-morale surveys to assess the views of employees regarding organizational environment’ reported statistically significant difference across verticals. It is found to be relatively least used in retail vertical as compared to other three verticals under study.

For all the practices covered under the remaining five components of talent strategy and governance, talent assessment, career management and succession planning, talent deployment and performance management, the alpha value of more than 0.05 leads to the conclusion that there is no statistically significant difference in the practices of these components, across four verticals of banking, retail, IT/ITES and hospitality.

9.1.5 Talent Management Index

A reliable and comprehensive talent management index can facilitate tracking the effectiveness of talent management practices and help organizations to fine tune them to get the desired results. The existing indexes were found to be ignoring important dimensions like employee commitment and perceived employee challenges related to

talent management. Consequently, a need was felt for development of a more comprehensive index to measure effectiveness of talent management practices.

The proposed index has been developed incorporating three constituents i.e. affective commitment of employees, employee perception regarding relative importance of talent management components and talent management challenges perceived by employees.

The relative weights of the three proposed constituents of the index are based on the feedback of four respondents from the management cadre, representing each vertical under study and the opinion of four academic experts. Weightage of 50%, 30% and 20% was finally assigned to affective commitment of employees, perceived challenges of staff related to talent management and relative importance of talent management components to employees respectively.

Subsequently, the index score is calculated by multiplying the weight of each constituent with the respective category score in the constituent. Category score is defined using sum of responses and range of scale used for respective constituents.

The mathematical function of the index is

$$Z = \alpha w_1 + \beta w_2 + \gamma w_3$$

Where

Z = Effectiveness Score; α = category score of affective commitment; β = category score of relative importance of TM components; γ = category score of TM challenges to staff; w_1 = weightage of affective commitment; w_2 = weightage of relative importance of TM components; w_3 = weightage of TM challenges to staff.

For the purpose of validation of index, the scores of three constituents, already obtained from respondents of four companies under study, were used and their effectiveness of talent management practices was computed. Subsequently, the effectiveness of talent management practices score of each company was shared with one of the representatives

of senior management of the respective companies to seek their agreement with the final diagnosis.

9.2 KEY RECOMMENDATIONS

In the light of previous research and the results of the current study the following key recommendations are made for the policy makers in the corporate sector:

- I. Every organization needs to evolve its own definition or understanding of ‘talent’, which must be disseminated throughout the organization. Generally, the interpretation of talent may vary from ‘high potential employees’ to ‘employees with long term association’, to ‘employees on key positions’. However, the ideal approach may be to consider all employees as talent and nurture them to become valuable and engaged. This recommendation attains significance in view of the fact that a large number of young and inexperienced employees are fast rising up the corporate ladder, when they are trusted and given an opportunity to prove themselves.
- II. Organizations need to give substantially greater importance to retaining existing talent as this component has been perceived to be most important by all employees across four verticals of service sector under study. Retention of employees is not only cost effective but significantly improves employer branding. Retention practices will definitely vary in some measure, from one industry to other and also within the same organization, as expectations of the employees evolve with the passage of time. However, certain perennial concerns will continue to dominate the psyche of most employees cutting across industries and organizations. These will relate to proper deployment, fair remuneration, opportunities for personal growth, challenging assignments, autonomy, transparency, equitable treatment and appropriate work life balance etc. In case, if organizations are already following such practices, then the same needs to be communicated well to employees. Conducting regular surveys to understand employee satisfaction with respect to all the above issues and taking proactive measures to remove any distortions will go a long way in retaining talent.

- III. More attention needs to be paid by the supervisors to counsel and mentor the staff rather than only holding them accountable for results. For this purpose, effective training would need to be imparted to the supervisory staff at all levels.
- IV. The organizations need to focus on creating better role clarity among job incumbents, which would pre-empt role conflict and allow focus on performance. For this purpose, the job descriptions need to be constantly refined through techniques like role negotiations to rationalize role expectations for each category of jobs.
- V. Organizations need to introduce better talent management practices in service sector for the female staff as indicated by the lower level of affective commitment among females, whereas the potential of women to perform, especially in the service sector has been found to be greater in view of their higher degree of sensitivity. Female friendly policies like flexible working hours and childcare support etc. can help to attract and retain more female employees.
- VI. Career management is an important area of concern for employees across verticals and sectors. People with high potential not being identified by the management and the right kind of people not being readily available for handling challenges, become serious constraints in taking advantage of the emerging opportunities. Line managers, through identification of leadership potential, providing focused training and development and proper job postings, can facilitate effective employee career management. Managers should indulge in discussion with individual employees, related to their career aspirations, and support employees in selection of appropriate developmental programs leading to career growth and enhancement.
- VII. Managers and supervisors ought to follow an open-door policy to foster an environment of prompt and honest feedback followed by appropriate action to rectify or improve policies, procedures or relationships. This will tend to promote trust and cooperation among staff and help create a perception of availability of adequate supervisory support.
- VIII. While it is well known that especially the younger generation of employees are seeking challenge in their jobs to maximize their learning, undue work pressures generated by unrealistic targets need to be avoided as they are an important reason

for strain in interpersonal relationships, finally resulting in losing talent. Lucrative incentives which go along with ambitious targets, do trigger the expected enthusiasm but do not mitigate stress and burnout, which in the long run prove to be a drain on talent.

9.3 SCOPE FOR FUTURE RESEARCH

- I. An important area for future research can be to develop a metrics to study the precise relationship of talent management initiatives and priorities with business results. While a broad linkage between the two is generally accepted, yet, quantitative as well as qualitative research is required to define the relationship for a more committed pursuit of talent management initiatives.
- II. Longitudinal studies too can be undertaken to study the impact of talent management initiatives on individual performance, talent retention as well as organizational performance.
- III. Studies can be attempted to verify the validity of the proposed index across industrial sectors.

9.4 LIMITATIONS OF THE STUDY

- I. This study includes the responses and opinions of managerial cadre and staff from 20 companies in service sector. It is possible that participants may be biased in responding to specific questions. It might be because of lack of interest or prejudice related to the questions.
- II. Due to constraint of time and financial resources, the data collected for purpose of research is only from four verticals of service sector i.e. banking, IT/ITES, hospitality and retail sector, from the state of Punjab and Haryana.
- III. The other limitation of the study is with respect to the generalizability of the results. The sample data relates to only four verticals of the service sector and results may not be generalized completely to the other verticals of service sector.

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