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Managing organizational excellence through talent management

Dr. Ajit Kumar Kar¹, Lopamudra Praharaj²

¹ Manager & In-Charge (Learning & Development) IMFA, Bhubaneswar, Odisha, India

² Assistant Professor (HR & OB) BIITM, Bhubaneswar, Odisha, India

Abstract

Talent management has become a buzz word in today's corporate HR agenda. In an organization every individual is important as they contribute towards achieving the business goals through their talent. Each organization requires the best of talent to persist and endure ahead in competition. Talent is the utmost significant factor that motivations & drives an organization and takes it to the next level of growth & development. Talent contributes a great to the performance of the organization and its management has direct impact on organizational excellence, and therefore, cannot be compromised at all. To identify, develop, reward, and retain talented and potential employees is a human resource strategy that builds the whole talent management process within an organizations. Talent management comprises of a series of cohesive systems of recruiting, retaining people with desired skills and aptitude, maximizing employee potential, performance management, managing their strengths and developing them. Talent management is imperative for any organisation because it is required to develop leaders for tomorrow from within an organization, to compete effectively in a complex and dynamic environment to achieve sustainable growth, to empower employees by cut down on high turnover rates and by reducing the cost of constantly hiring new people, to maximize employee performance as a unique source of competitive advantage, etc. The purpose of this paper is to examine the role of talent, talent management strategies and its impact on performance of employees as well as on organizational outcome & excellence. By reviewing the qualitative and quantitative research papers the study has been conducted. This study empirically examines the extent to which Talent Management, Performance, Work Life Balance and Organizational effectiveness are correlated and its impact on organizational excellence. The proposed model and theory have been tested by taking BPO industry and Retail industry.

Keywords: talent management, talent management strategies, work life balance, performance, organizational excellence

Introduction

Talent management within the organizations is a human resource strategy that seeks to identify, develop, reward, and retain talented and potential employees. Talent management includes a series of integrated systems recruiting, performance management, maximizing employee potential, managing their strengths and developing, retaining people with desired skills and aptitude. The need of talent management is to compete effectively in a complex and dynamic environment to achieve sustainable growth, to develop leaders for tomorrow from within an organization, to maximize employee performance as a unique source of competitive advantage, to empower employees by cut down on high turnover rates and by reducing the cost of constantly hiring new people. It is indispensable for survival and sustainable development of any business organization. Deserting talent management is suicidal for any organization particularly in the current business scenario where there prevails a cut-throat competition. After liberalization of the Indian economy, the impact of restructuring, economic transition to an open market, and increased competition from internal and external sources has put pressure on all functions of organizations (Bhatnagar, 2007; Budhwar *et al.*, 2006) ^[12]. An attempt has been made in this paper to fill this gap, and to investigate the emerging talent management, attrition and employee engagement issues, performance improvement and finally that all lead to organizational productivity in BPO and Retail sectors. The

different aspects of the engagement and development of talent within an organization may consist of highly valued project assignments, cross-functional training, mentoring, externships, continuous feedback and international exposure (Branham, 2005). Together with the possibility of executive education these aspects make up a talent programme. It is important however to acknowledge that the term talent management is used loosely and often interchangeably across a wide array of terms (Rothwell, 2005).

Objective of the Study

Focusing on the present condition after liberalization in INDIA the need of talent management is highly essential for the growth of every business organization. Further, the Indian BPO and RETAIL industry is on a high momentum path. Rampant growth, however, has come with its own set of challenges. Chief among them relates to skilled manpower resources. The basic objective of the study is

- To examine the role of work life balance and its impact on performance of employees in organization and organizational productivity and to appraise the practices of talent management and its contribution in an organization.
- To know the talent management strategy which has been implemented on BPO and RETAIL industries?

- To know the talent management policies and its impact on organizational excellence on BPO and RETAIL industries.

To know the talent management strategy and its implication, to maintain the bridge on gap one model has been proposed.

Talent Management Model

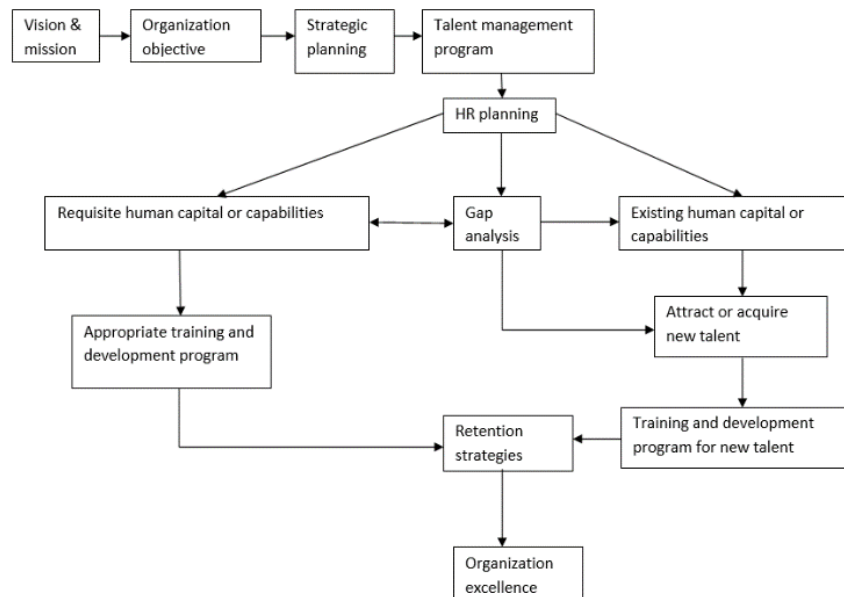


Fig 1

Literature Review

As the global economy expanded dramatically between 2002 through 2007, business leaders and human resource managers worried about the intensifying international competition for talent; the impact of not having the right people in place to lead and confront business challenges; as well as employing below-average candidates "just to fill positions" (Economist, October 2006; Price and Turnbull, 2007). Maxwell and MacLean (2008) highlight the need to view talent management as a key business strategy that is aligned with a range of HR systems and processes. The concept of talent management has various meanings both theoretically and in practice (Storey, 2007). This relatively recent emphasis on talent management represents a paradigm shift from more traditional human resource related sources of competitive advantage literature such as those that focus on organizational elites, including upper echelon literature (Hambrick and Mason, 1984; Miller, Burke and Glick, 1998), and strategic human resource management (SHRM) (Huselid *et al.*, 1997; Schuler, 1989; Wright and McMahon, 1992) towards the management of talent specifically suited to today's dynamic competitive environment.

Baum (2008) comments that 'talent management is an organizational mindset that seeks to assure that the supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives'. Baum (2008) presents it as 'the strategic management of the talent as it enters, is deployed and moves within an organisation. In exploring the scope of activities encompassed in talent management, Maxwell and MacLean (2008) present it as being focused on attracting, retaining, developing and transitioning talented employees. Barron (2008) considers that organizations involved in talent management are strategic and deliberate in how they source, attract, select, train, develop, promote, and move

employees through the organisation. The strategic thrust of talent management is stressed upon through the citation of a numbers of authors including Faragher (2006), Powell and Lubitsh (2007) and Smith and Tyson (2005).

Talent Assessment provides data on each employee's performance, readiness and willingness for advancement in the organization (Bellissimo, 2006). Competencies necessary to meet talent needs are defined as the knowledge, skills, abilities and attitudes required to perform a productive role for society (Coleman, 2006; Schoonover, 1998). Many employees entering the workforce are not adequately prepared to meet the demands of the knowledge economy, which requires talent that can excel amidst technology and diversity (Umpstead and Fardel, 2007). Three streams come into sight as several authors observed (e.g., Collings and Mellahi, 2009; Lewis and Heckman, 2006; Silzer and Dowell, 2010) [2]. A first stream emphasizes the human capital and therefore the definition of talent, a second stream sees Talent Management as "a process through which employers anticipate and meet their needs for human capital" (Cappelli, 2008, pp. 1), and a third stream perceives talent management as an instrument to reach economic outcomes.

The "talent process" is usually supported by advanced IT systems that provide different options and future possibilities. This perspective is prescribed for organizations experiencing rapid growth (Devine and Powell, 2008).

Like in many other areas of HR practices, it remains exceptionally difficult to measure the real impact of talent management practices. In this regard, Lewis & Heckman (2006) identified three key areas of analysing the effectiveness of talent management practices. A first area refers to an analytical technique to tie talent management to financial performance (e.g., Fitz-Enz, 2009), a second area emphasises the process of analysing and optimising the talent management system (e.g.,

Boudreau & Ramstad, 2004), and authors aligned with the third area appear to see analytics as a set of metrics and measures for use by different users (e.g., DGFP, 2007).

Today, with an unprecedented global financial crisis, economic slow-down, and massive restructuring, “talent” remains a critical agenda item focused on the highest achievers: “As deteriorating performance forces increasingly aggressive headcount reductions, it’s easy to lose valuable contributors inadvertently, damage morale or the company’s external reputation among potential employees, or drop the ball on important training and staff-development programs” (Guthridge *et al.*, 2008).

The current state of talent management literature is exacerbated by the fact that, in addition to ambiguities around the definition of the concept, there has also been an alarming lack of theoretical development in the area (Boudreau and Ramstad, 2005; 2007; Cappelli, 2008; Lewis and Heckman, 2006).

Recent research shows that the nearly single-minded focus on

individuals that is endemic to companies' strategies for fighting the talent war often backfires and reduces, rather than enhances individuals, teams, and organizations: “The best evidence indicates that natural talent is overrated, especially for sustaining organizational performance” (Pfeffer and Sutton, 2006: 86). In analyzing McKinsey’s research (Chambers *et al.*, 1998; Axelrod *et al.*, 2001), Pfeffer and Sutton (2006: 87) identify “... deep flaws in that the claimed cause of performance (managing talent) was measured after its effect.”

Stahl *et al.* (2007) focuses on context in a study of talent management processes and practices in companies renowned for their international scope, reputation, and long-term performance. It is observed that companies that excel at talent management ensure internal consistency and reinforce the practices they employ to attract, select, develop, evaluate and retain talent, as well as closely align those practices with the corporate culture, business strategy and long-term organizational goals.

Theoretical framework

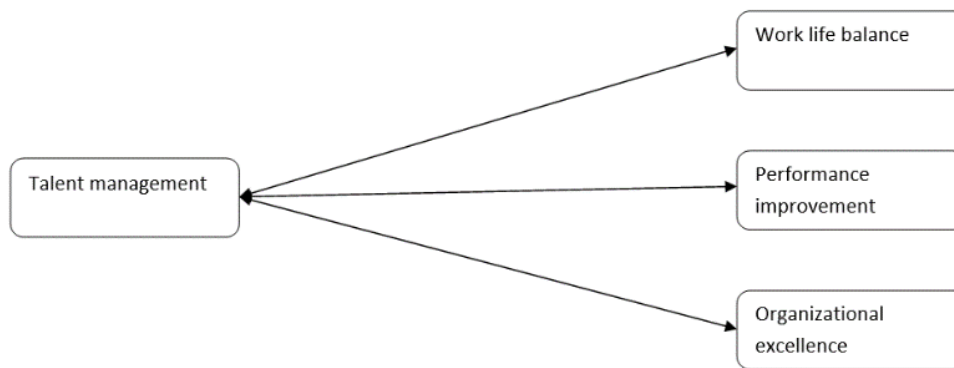


Fig 2

Relationship between talent management and work life balance

The uncertain economical environment, job stress and burnout have tremendous effect on personal and workplace pressure on employees. This helps in creating demotivation among the employees and tends to employee’s intention to leave the organization. According to Mulvaney *et al.* (2006)^[10] job stress, work family conflict and characteristics of job have vital effect on employee turnover. The levels of conflict between work and family will be impacted or moderated by the levels of support employees (in this case, managers) receive, the personal attributes they bring to the job, the industry norms and the way all these components are managed in the workplace. Considering the BPO industries the main objective of the employee turnover is imperfect work life balance. The basic reasons are working environment, night shifts and rotational shifts, no career growth, Inability to handle various types of stress, Monotonous work, for high salary and better designation.

The BPO SECTOR is a heterogeneous and rapidly growing offshore market with a projected annual growth rate of 60 per cent (Tapper, 2004)^[11]. Brown and Stone (2004) reported that BPO accounted for 34 per cent of the global outsourcing contract value in 2004 and projected that BPO services would grow from \$1.3 billion in 2002 to \$4.3 billion in 2007 (Mehta *et al.*, 2006;

Budhwar *et al.*, 2006). According to a recent survey carried out by A.T. Kerney (2007), an unbeatable mix of low costs, deep technical and language skills, mature vendors and supportive government policies have taken India to the top among global destinations for offshoring services. This is despite all the concerns indicated about overheating, wage inflation and service levels, as reported in a recent survey (India Business, 2007).

More recently, the National Association of Software and Services Companies (NASSCOM) HR Summit 2006 looked closely at the evolving profile of HR and the transformational role it can play within the BPO industries, to make employees and their organizations more globally competitive (Simhan, 2006).

The work life balance on BPO industries are generally depends upon the job involvement and multiple roles on work life. Flexible working condition, job sharing, family leave program, working from home. Work-life balance policies can assist employees achieving a balance between their work and personal commitments that is right for them. The policies need to be supported by the workplace culture, which reflects the beliefs, values and norms of the whole of the organisation from the employer to employees.

In case of retail industry there is a need of talent management in maintaining work life balance by fulfilling employee’s demand and gap analysis.

For assessing the man power demand...

- Manpower demand is the number of people required to handle the present jobs.
- Forecasting the demand for manpower is the process of estimating the future quantity and quality of employees required.
- For instance in a Retail Organization the manpower demand is forecasted based on the work to be performed in every Retail Stores. Obviously the long term corporate plans, budgets and annual plans would become basis for forecasting the demand for labor.
- The existing job design and job analysis provide useful information in this regard.
- The demand forecasting should consider several internal and external factors. External factors are political, economic, technological, legal, ecological, governmental, social, and ethical factors.
- These factors influence the number and quality of manpower required.

Relationship between talent management and performance improvement

Executives and HR management have always been focused on basic talent management—acquiring, hiring and retaining talented employees. But, to drive optimal levels of success, business leaders need engaged, high-performing employees. The key to inciting a workforce to greatness is to align talent management with company strategy, define consistent leadership criteria across all functional areas, and identify specific competencies (analytical, technical, education, experience) to cultivate for continuing growth. The best talent management plan is closely aligned with the company’s strategic plan and overall business needs. Goal alignment is a powerful management tool that not only clarifies job roles for individual employees, but also demonstrates ongoing value of employees to the organization.

When employees are engaged in their work through goal alignment, employee’s participation on all organizational activities; they become more committed to the organization and achieve higher levels of job performance.

If we will consider the case of BPO industries if organizations provide employees with a passion to work, and an engrossing environment which maximizes their performance and gives a continuous work experience that is difficult for competitors to replicate. Managers are an important key in this equation (Baumruk *et al.*, 2006; Lockwood, 2006). Further, an employer of choice recruits and engages talent through practices that address both tangibles and intangibles, with a focus on the long-term as well as the short term, and are tailored to the organization (Branham, 2005). Effective talent management policies and practices demonstrate the human capital which helps in resulting the engaged employees and low turnover. In order to obtain high performance in postindustrial, intangible work that demands innovation, work flexibility, and speed, employers need to engage their employees especially by giving them participation, trust, new technology, freedom, trust, postindustrial values of self-realization and self-actualization.

Effective talent management strategy helps in improving the performance of employees in the BPO industries in India by providing proper working conditions, adopting new technologies.

Similarly if we will consider the case of retail industries the performance of employee can be improved by attracting new talent by.

- Developing an Employer Brand
- Creation of challenging Job profile
- Healthy and Proactive HR policies and practices
- Transparent and Challenging Recruitment practices

Best Compensation and Benefits management in the given Industry.



Fig 3

The above graph shows the talent management strategies which has been adopted by retail sector in India especially Big Bazar for the improving performance of the employee and employee engagement.

Integrated Talent Management System for Organizational Excellence



Fig 4

An integrated talent management system can help an organization grow in terms of people and process. A strong integrated talent management system includes processes for differentiating talent across several key capabilities: talent acquisition & development, engagement, performance management, rewards & recognition, succession management and above all building a strong organization.

The figure 01 explains the important elements and process of an integrated talent management system.

The organizations that are successful at integrating and optimizing their talent processes can reap the following benefits.

- A boost in morale
- Increased discretionary effort
- Increased productivity
- Higher customer satisfaction
- Lower turnover
- Enhanced ability to be innovative across the company
- Improved process and machine efficiency
- Better organizational financial performance

Relationship between talent management and organizational excellence

Organizational excellence depends upon proper succession planning, taking competitive advantages, increasing competencies among the workforce etc. Globalization has created immense pressures of competition and survival on organizations in developing countries. In order to remain competitive, organizations in these countries need to redesign themselves towards excellence using tools of creativity and innovation (Khandwalla and Mehta, 2004). The organizational excellence of retail and BPO industries based upon its talent management

strategy, innovative technology, attract and recruit new talent, organizational goal achievement.

In developing countries like India, BPO industries have adopted a global and well-structured strategy for assessing and improving the current employee policies and practices. Talented people were selected on the based upon various strategy which helps in developing retention strategy of people and become an employer choice. The organization recognized the potential of the model, and appreciated the fact that the implementation of this model would augment and enhance the existing people practices and procedures. BPO industries were already reasonably mature in certain workforce but adopting the valuable resources such as challenging working permanent, technology and career growth. From NASSCOM Strategic Review 2012, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63 per cent of the total expense.

Organizational excellence and a better talent management and retention and performance improving strategy may imply the following HR interventions for the BPO sector in India:

- Identification of an engaged workforce at all levels which is passionate about continuous learning and challenges, triggered through a continuous positive employee relationship;
- Further designing HR interventions and new strategies, policies and practices to keep them engaged;
- A need to establish a stronger psychological contract (Rousseau, 2004) based on relational need rather than a transactional one;
- Create talented partners and mentors who care and nurture relationships in terms of quality rather than quantity of time together and who take care of the emotional needs and need for involvement of employees;
- Treat employees as wealth co-creators, and see employees as partners in the business and help them achieve the satisfaction of creating and fulfilling new areas of business acumen.

This would take care of the growth aspects of employees. It also helps in organizational productivity. Further high commitment based systems with built in control systems are needed so that both fun and surveillance are balanced (Halliden and Monks, 2005). An industry collaboration along with NASSCOM to blacklist and stop the recruitment of such employees for a particular period of time, in order to moderate attrition rates, could also help. The internal job posting (IJP) process has to be clearly outlined and a specific system of selecting candidates has to be communicated. The strategy for selection should be clearly arrived at and stated explicitly to employees.

Similarly if we will consider the retail industry the organizational excellence depends upon the strategies what the organization has adopted at different levels. That Include training and development, various retention strategies etc.

Retail organizations are clearly aware of the advantage that effective talent management can offer and have jumped on the technology bandwagon in a big way. Although a 2008 survey from human capital industry analysts Bersin & Associates showed that only 39 percent of retail organizations and BPO

industries had an intermediate or advanced talent management strategy, the number jumped dramatically to 73 percent in 2009. The reason is clear – talent has the potential to be a force multiplier for retail organizations and BPO industry. The same Bersin & Associates report demonstrated that companies with mature, integrated talent management strategies have lower

turnover, higher productivity, higher median revenue per employee and have experienced less downsizing during the current recession. Hence based on all the strategies of the talent management for higher productivity and for gaining the competitive advantages the final model has been developed.

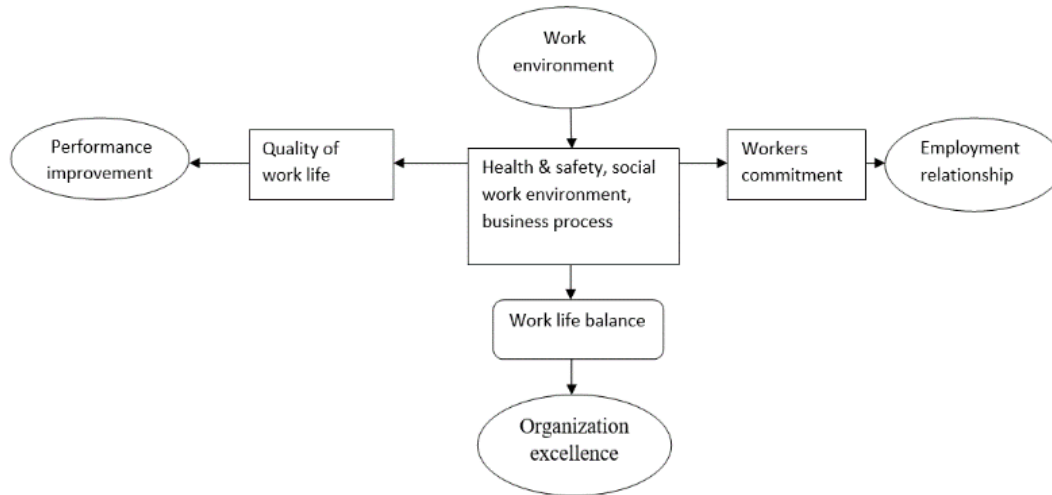


Fig 5

Conclusion

A new approach in talent management is needed in retail and BPO industries. The organizations are not developing the required talent to stay competitive in their business and most of the organizations aren't doing talent planning, or their planning is wrong (Berger and Berger, 2004). Basically, talent management process entails efficient utilization of human assets of the organization, so if properly implemented it will improve the efficiency of employees. The factors such as quality of work life, innovation, motivation, proper succession planning, gap analysis, employee engagement, involvement, commitment have positive influence on work life balance, performance improvement and organization excellence. The proper formulation and implementation of talent management strategies of the BPO & retail industries makes employees competent and effective by developing their skills through training. Though training is not directly affecting employee effectiveness but its indirect effect can be visualized through development. At the organizational level, a successful Human Resource policies and programs and practices prepares the employees to undertake a higher level of work which improves their performance (Nadler 1984). The criteria for excellence should be clearly arrived at and stated explicitly to employees. This can be happened with the proper selection of talent from the talent pool. A more concerted effort should be made to ensure internal job postings take place to ascertain that employees have a growth path in the organization. Processes should be put in place to check that the career aspirations of employees are clearly understood and job roles are defined with as close an alignment to career aspirations as possible. There is an evident mismatch between the expectations of employees and the roles and profiles offered by the organization. Steps need to be taken to correct this mismatch, probably by better communication during the selection process

and by taking another look at the potential pool of candidates that the organization has identified. As the sector is open and people has various choice to work for that attrition is on the rise to minimize it and manage the sector should plan the career path of people and provide them rewards and promotion on time and keep them satisfied and employees should not think of alternative employer. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It won't be exaggerating saying "*Talent management as a never-ending war for talent!*"

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