Appendix

CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION
Talent management implies recognizing a person’s inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. It is the job of the management, particularly the HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities.

Talent Management is beneficial to both the organization and the employees. The organization benefits from: Increased productivity and capability; a better linkage between individuals’ efforts and business goals; commitment of valued employees, reduced turnover; increased bench strength and a better fit between people’s jobs and skills. Employees benefit from: Higher motivation and commitment; career development; increased knowledge about and contribution to company goals; sustained motivation and job satisfaction.

In these days of highly competitive world, where change is the only constant factor, it is important for an organization to develop the most important resource of all – the Human Resource. In this globalized world, it is only the Human Resource that can provide an organization the competitive edge because under the new trade agreements, technology can be easily transferred from one country to another and there is no dearth for sources of cheap finance. But is the talented workforce that is very hard to find.

1.2 MEANING AND HISTORY OF TALENT MANAGEMENT

Talent management refers to the process of developing and integrating new workers, developing and retaining current workers, and attracting highly skilled

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workers to work for a company. Talent management in this context does not refer to the management of entertainers. The term was coined by David Watkins of Softscape published in an article in 1998. The process of attracting and retaining profitable employees, as it is increasingly more competitive between firms and of strategic importance, has come to be known as “the war for talent”\(^2\).

Talent management is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees’ talents and skills drive their business success. Companies that have put into practice talent management have done so to solve an employee retention problem. The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent. A talent management system must be worked into the business strategy and implemented in daily processes throughout the company as a whole. It cannot be left solely to the human resources department to attract and retain employees, but rather must be practiced at all levels of the organization. The business strategy must include responsibilities for line managers to develop the skills of their immediate subordinates. Divisions within the company should be openly sharing information with other departments in order for employees to gain knowledge of the overall organizational objectives. Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent, including the following.

1. Sourcing, attracting, recruiting and on boarding qualified candidates with competitive backgrounds.

2. Managing and defining competitive salaries.

3. Training and development opportunities.

Talent management is also known as HCM (Human Capital Management), HRIS (HR information Systems) or HRMS (HR Management Systems), and HR Modules.

A talent marketplace is an employee training and development strategy that is set in place within an organization. It is found to be most beneficial for companies where the most productive employees can pick and choose the projects and assignments that are most ideal for the specific employee. An ideal setting is where productivity is employee centric and tasks are described as ‘judgment-based work,’” for example, in a law firm. The point of activating a talent marketplace within a department is to harness and link individuals’ particulars skills (project management or extensive knowledge in a particular field) with the task at hand. Examples of companies that implement the talent marketplace strategy are American Express and IBM.

1.3 IMPORTANCE OF TALENT MANAGEMENT

First, let us look at some of the reasons for the importance of talent management.

**Globalization:** Now for any jobseeker the whole world is the potential place to find employment. One can know the opportunities available in any part of the world easily and the number of talent seekers has also increased.

**Increased Competition:** Increased competition in the market place has necessitated the need for consistently good performance on the side of
organization. These have made the companies to put in all efforts to hire and retain the best talent in the respective field of operation.

**Increasing Knowledge:** The knowledge era has necessitated the retaining of those talents which have the ability to assimilate new technologies and knowledge, which are growing at a pace never seen before.

**The Challenge**

The challenge of talent management has two facets to it. First is how to find new people and second is how to retain the present workforce. Each of the challenges has to be tackled in the most efficient way possible so that the organization can achieve its objectives.

All the organizations are finding loads of business opportunities and consequently, their revenues are growing at a rapid pace. The increasing business opportunities has necessitated that these organizations go in for massive recruitment. But, the question is where to find the best talent which is able to fit the job description and also adjust to be organization’s values and norms. If we scan the environment, we find there is a shortage of skilled workforce that can be employed.

Some of the possible reasons that have led to the shortage are:

**Demographic Constraints:** This is a common problem faced by many of the developed countries, where a large Chunk of its population is nearing the age of retirement or is over 50 years. USA, Germany and Japan are facing the same problem. All these countries will shortage in their skilled professionals.

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**Existing Educational System:** The graduates and the postgraduates that are being churned out of the universities are found to be ill-equipped to handle the challenges of the workplace. They are mostly equipped with only the theoretical aspects of the issues and lace the application part. The educational system is faulty and does not take industry needs into consideration, resulting in a mismatch between industry requirements and educational preparation.

**Cost Factor:** Recruiting new employees is becoming tougher and tougher in the developing countries, where the HR department has to sort out thousands of applications for a handful of jobs. Finding right person for the right job becomes a very difficult process. It also involves very high cost to conduct the recruitment and selection process for such a large population of applicants.

**Attracting the Best Talent:** This is another challenge. As was the case in the past, the best available talent is not just motivated by the name and fame of the organization. Not any more. They have a new set of motivators like-challenging work, conducive work environment and freedom from bureaucratic structure.

**The Second Challenge**

Gone are the days when a person would join an organization in his mid-20s and would work till his retirement in the late-50s. Today the young professional hop jobs, especially during first 4 – 5 years of their work life.

Tough the Indian service industry is basking in the light of outsourced jobs form the developed countries, they also cannot ignore the fact that the BPO industry is also facing one of the highest attrition rates, infact never heard before in India, of around 35%.
It is fact that it’s the people that add value to organizations. It is also a fact that humans are a restless species who, unlike the immovable Banyan Tree, cannot stay rooted in one place. People need to move on for one reason or another, and the organization stands to lose. Let us look at some of the reasons behind the massive attrition rates:

Gap between organizational values and goals and the personal values and goals is one of the major reasons of the attrition rates. If they go parallel, there is no way both would be satisfied and inevitably, the organization would lose out on a talented employee.

- Working environment is another major factor. Employees in the knowledge era demand creative and a democratic work environment. Failure on the part of the management to provide such an environment will result in a talented employee leaving the organizations.

- The competitive world has made sure that there is high work pressure on the employees of any organization. This has led to psychological problems like stress, and in extreme situations, total burnouts. It also leads to other health related problems.

- Movement for higher salary is also common among the younger professionals. There is no shortage for organizations who are looking for talented employees and who are ready to shell out a hefty salary for a talented person. Other lures like better job opportunities, higher posts and overseas assignments are also major factors in the attrition rates.
Not taking proper care during the recruitment and selection process and not taking proper care to fit the right person to the right job also breeds dissatisfaction among the employees.

Bad or opaque policies from management on issues of succession planning and promotion, appointments for senior positions also is a major factor which makes the organization lose out on the talented employees.

The professional have different aspirations at different times of their career. During the initial years, they have good salary and foreign assignments. Next on the list is working on cutting edge technology. More seasoned professionals look for learning opportunities. So employees tend to move to those organizations which provide them with means to fulfill their aspirations.

Retaining the present employees is of the foremost importance to the organizations because: the company would have already incurred heavy cost in the form of training and development. Now if the organization has to look for a replacement for the employee who has left, it involves a lot of costs like-hiring costs, training costs and the induction costs.

Also it takes some time for the new employee to adjust to the new work environment. During this time the productivity of the employee will be low. The HR department will have to fit the new employee into a proper role in the organization. Apart from causing the company a monetary loss and breaks in their
day-to-day operations, attrition contributes to knowledge transfer, which is a great loss and adversely affects business.

**Manage Talent Management**

It is now proved beyond doubt that, in the era of technology and knowledge, talent is in the driving seat. One who possesses it dictates. Not he who pays for it. It is the demand of the time business leaders elevate management of talent to a burring corporate priority. It is not a walk in the part for the talent market. Quality people are no longer available in plenty, easily replaceable and relatively inexpensive.

These are some of measures that should be taken into account to hire and retain talent in the organization, to be efficient and competitive in this highly competitive world:

**Hire the Right People:** Proper care must be taken while hiring the people itself. It would be beneficial for an organization to recruit young people and nurture them, than to substitute by hiring from other organizations. Questions to be asked at this stage are: Whether the person has the requisite skills needed for the job? Whether the person’s values and goals match with those of organizations? In short, care must be taken to fit the right person to the right job.
Keep the Promises: Good talent cannot be motivated by fake platitudes, half-truths and broken promises. Unfulfilled expectations can breed dissatisfaction among the employees and make them either leave the organization or work below their productive level. Promises made during the hiring stage must be kept to build loyalty among the employees, so that they are satisfied and work to their fullest capability.

**Good Working Environment:** It has to be accepted by the organizations that highly talented persons make their own rules. They have to be provided with a democratic and a stimulating work environment. The organizational rules must be flexible enough to provide them with freedom to carry out their part of task to their liking, as long as the task is achieved. Opportunities should also be provided to the employees to achieve their personal goals.

**Recognition of Merit:** It is highly motivating for any person if his talent is recognized and is suitably rewarded. One way is providing them with salary commensurate with their performance. Promotions and incentives based on performance are another way of doing it. Another way is by providing them with challenging projects. This will achieve two objectives- it makes employee feel that he is considered important (a highly motivating factor) and get the work done in an efficient manner and brings out the best in the employee.

**Providing Learning Opportunities:** Employees must be provided with continuous learning opportunities on and off work field through management development programs and distance learning programs. This will also benefit the organization in the form of highly talented workforce.

**Shielding from High Work Pressure:** If an organization has to make the most of the available talent, they should be provided with adequate time to relax, so that they can de-stress themselves. It is very important to provide them with holidays and all-expenses-paid trips, so that they can come back refreshed to work and with increased energy. They must also be encouraged to pursue their interests which are
also a good way of reducing work environment stress. Recreation clubs, entertainment programs, fun activities within the work area will also reduce the work life stress of the employees and develop camaraderie among the workers and result in a good working environment.

Quite often, organizations adopting a TM approach will focus on coordinating and integrating.

- Recruitment – ensuring the right people are attracted to the organization.
- Retention – developing and implementing practices that reward and support employees.
- Employee development – ensuring continuous informal and formal learning and development.
- Leadership and ‘high potential employee” development – specific development programs for existing and future leaders.
- Performance management – specific processes that nurture and support performance, including feedback/measurement.
- Workforce planning – planning for business and general changes, including the older workforce and current/future skills shortages.
- Culture-development of a positive, progressive and high performance ‘way of operating’.
An important step is to identify the staff or employees (people and positions) that are critical to the organization. They do not necessarily have to be senior staff members. Many organizations lost a lot of ‘organizational knowledge’ in the downsizing exercises of a few years ago. The companies or realize their mistake when they did not have people with the knowledge and skills to either anticipate or solve problems that arose.

The current discussion about skill shortages and the ageing population are also helping organizations to focus on the talent management issue. It may not be possible to simply go out and recruit new people to meet operational needs. Many leading companies have decided to develop their own people, rather than trying to hire fully skilled workers4.

1.4 MODERN VIEW OF TALENT MANAGEMENT

It’s an organizational aim, rather than an individual one, geared towards one thing: ensuring that an organization is able to do what it set out to do today and in the future. And it assumes that capability is based on an organization’s sole source of value and competitive advantage in a developed economy: its people.

Dell™’s continued success relies on teamwork and the opportunity each employee has to learn and excel. Our winning culture mandates that we invest in people, value learning and remain endlessly curious. We are committed to being a meritocracy and to developing, retaining and attracting the best people, reflective of our marketplace.

Dell provides global talent management programs to develop people who can execute our business strategy and meet customer needs. In the last five to ten

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years, our systems and processes catapulted us into the Fortune 50 as an industry leader.

However, we face a major inflection point. With more than half of Dell’s workforce now outside of the U.S., a significant portion of our key growth areas are in emerging countries. Our talent current programs and processes must serve as springboards as we regenerate and rejuvenate our talent and leadership development programs to meet critical growth and expansion objectives.

Talent Planning

Dell continuously invests in processes and systems to place the right talent in the right roles. In 2009, Dell’s Executive Leadership Team and Board of Director conducted quarterly talent reviews in the context of our business strategy. During these reviews, the Executive Leadership Team may:

- Develop talent imperatives
- Identify mission-critical jobs
- Forecast talent needs
- Assess and calibrate talent
- Identify development actions for top talent
- Report progress
- Create succession plans

Performance Planning

Dell’s performance management system links individual goals with organizational performance. The system helps identify the next generation of Dell leaders and elevate the performance of all Dell employees.

The performance management process requires annual formal reviews, the calibration of talent and allocation of performance rewards and promotions—all decisions in line with being a meritocracy. Throughout the year, managers provide employees with ongoing feedback, coaching, training and on-the-job development. Employees and managers mutually create the employee-development plans.

This entire process aligns individual—performance objectives and career-development planning with business and company goals and results. This plan evolves over time, adjusting to internal and external changes.

Learning and Development

Our learning and development strategy is focused on three outcomes.

❖ A culture that fosters exceptional and agile organizational performance
❖ The best workforce teams in the industry
❖ Superior individual-learning experiences

Dell creates learning experiences that draw from multiple approaches and styles. We value on-the-job experience and assignments, and we also offer networking, coaching, mentoring and formal learning programs. We offer tuition
Learning through Experience and Others

Dell employees work with managers to create well-rounded development plans to prepare them for future roles. An ideal plan blends training with on-the-job experiences and career moves and mentoring from co-workers and others. Employees build networks in which they can give and receive feedback. Targeted external coaching is offered to executives to provide guidance and support to help improve performance and grow leadership capabilities. Dell employees may use the 360 review process to gain performance insight and identify opportunities for growth and improvement.

Training and Learning Programs

Formal and informal learning programs foster individual and profession development. Courses are directly tied to business needs and designed to address specific competencies. Dell training courses help prepares employees for current and future roles. Courses cover a range of topics, starting with on boarding processes and moving to more complex topics such as business process improvement (BPI) and sales and compliance training, in the last five years, Dell made significant investments in manager and leadership development, including the addition of two new online tools:

- Harvard Manage Mentor, an online resource tool from Harvard Business School that provide practical help on 38 key management topics.
Mentor Connect, an online tool for matching mentees and mentors across the corporation and around the globe.

1.5 NEED OF TALENT MANAGEMENT

In today’s highly competitive world it is important for a company to attract and retain profitable employees whose skills will drive the company to success. This practice is known as talent management. Talent Management is a process that emerged in the 1990s and the term was coined by David Watkins. Talent Management also known as Human and Capital Management refer to the process of developing and integrating new workers, developing and retaining current workers, and attracting highly skilled workers to work for a company. Talent management has increasingly become a part of the corporate strategy for most organizations. To maintain a competitive advantage and to meet the demands of business organizations. To maintain a competitive advantage and to meet the demands of business, organizations need to identify, select, and develop their employees in a way that both supports the company’s business goals and provides employees with a clear career path. In other words, organizations must become deliberate and strategic in their programs for managing their talent.

Need for Talent Management

- Strategic talent management improves the skills and talents of team members and increase the performance of a team

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6 www.coolavenues.com/know/hr/sandeep_1.php3.
Team members enjoy the feeling of personal growth and satisfaction that comes from the opportunity to develop their skills and better contribute to their team.

Talent management helps to solve the problem of employee retention. The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing talent.

Talent Management is an essential part of any effective succession plan designed to ensure the health and vitality of your organization for years to come.

The management (TM) brings together a number of important human resources (HR) and management initiatives. Organizations that formally decide to ‘manage their talent” undertake a strategic analysis of their current HR processes. This is to ensure that a co-ordinated, performance oriented approach is adopted. Quite often, organizations adopting a TM approach will focus on coordinating and integrating.

Recruitment-ensuring the right people are attracted to the organization.

Identifying the staff or employees (people and positions) that are critical to the organization. They do not necessarily have to be senior staff members.
Retention – developing and implementing practices that reward and support employees.

Employee development – ensuring continuous informal and formal learning and development.

Leadership and “high potential employee” development – specific development programs for existing and future leaders.

Performance management – specific processes that nurture and support performance, including feedback/measurement.

Workforce planning – planning for business and general changes, including the older workforce and current/future skills shortages.

Culture – development of a positive, progressive and high performance “way of operating”.
Steps for Effective Talent Management

This is a six step guide for implementing an effective talent management system and provides a straightforward framework which may act as a catalyst for the firm.

Whilst thoughtful planning of a talent management strategy is essential, it is important not to overdo the “thinking” element at the expenses of action. Managers need to think through what talent management means for their organization: how important is it; how controllable is it; to what extent can talent be managed in the organization? In simple terms, it is about making sure the right people are doing the right jobs at the right time, and setting that up in a sustainable way. Make sure too, that there is senior management buy-in implementing a talent management strategy requires the support and engagement of everyone from the top down.

**STEP TWO: IDENTIFY**

Identification is not just about identifying the talented people within the organization; it involves a fundamental assessment of the roles that exist, the context within which people are required to work, and the capabilities and attributes required to fulfill those roles. The kind of people that organizations are
looking for will vary widely. Some will be looking for very strong process-driven, bureaucratic and administrative capabilities, for example, while others may be looking for creative entrepreneurship. Context and fit is crucial. A person may be very talented within one organization, but if that talent relates to the contest within which they work, the fit with the culture, for example, that talent may not translate to a different environment, and a different organizational culture.

When managers talk about the identification of talent there is a tendency to think about what education, skills and expertise people have, but managers also need to think about other capabilities and resources. This may include skills and expertise. But also includes other factors that impact on performance and potential, such as relevant knowledge; access to a strong network; or the team that a person works with. In assessing the talent, it is key to look at both performance and potential. The ideal situation is a person who is assessed as both high-performing and high potential. Remember, however, that someone who has high potential but is not high-performing, may not necessarily be incapable of high-performance, but instead lack the capabilities and resources to be successful; they may lack the experience, or be in the wrong role.

**STEP THREE: ENGAGE**

Engagement has three elements. It is about engaging the people within the organization, aligning them with the organisation’s purpose as well as reaching out externally through the employer brand, engaging potential employees by indicating the future the organization offers them. It is also necessary to engage senior executives and line managers across the organization in the challenges of talent management to enable effective action to be taken.

Employees must engage with what their organization is trying to achieve, with the role they might play in that story and with how that journey benefits both them and the organization. It is a two-way process. For its part the organization
must be clear about its vision and values. Employees must be honest about how ambitious they are, what their capabilities are, were they are doing well or not doing well—whether they mesh with the organization’s vision and values.

This clear statement of what the company stands for feeds through into employer branding. Organizations cannot just rely on sourcing talent internally. They must demonstrate that they take the issue for talent management seriously, that it is the kind of place people would want to join, and be a part of the success. This requires authentic alignment. Don’t, for example, say that you are the most innovative company in the world, when in fact you have a highly traditional organization.

STEP FOUR: INVEST

Successful talent management requires investment in talent identification, talent development, talent retention and review, in terms of time, commitment and money. This step is often a sticking point for organizations, when it comes to investing resources they are unwilling to fully commit.

Investment is particularly challenging as there are not always strictly quantifiable methods of demonstrating the return on investment for example, sponsoring a high-performing senior manager with high potential through a four-week executive education programme. Calculating a return is a complex task: there is a payoff in performance – based on building new and strengthening current capabilities, in avoiding replacement costs, and signaling the organisation’s talent management credentials to other high performers.

Investment is not just about a salary rise, a bonus. It is also about the role and commitment of senior executives and line managers to invest the time and provide the necessary support to effectively develop their key talent. It is, for
example, about taking the time to ensure that the right executives are sent on the right programmes, at the right time for the right outcome for both them and the organization.

**STEP FIVE: ASSESS**

Keep this step simple and effective. Most organizations run employer surveys providing data on people’s reaction to the organization. Most employees will receive an appraisal and performance review process. Collecting data on how many people have been promoted, after how much time, provides some sense of potential and whether that potential is being promoted, after how much time, provides some sense of potential and whether that potential is being realised. It is important to ensure that lists are aligned. Compare the list of the most talented people in the organization to the list of bonuses. If the top ten people on the bonus list are not on the list of the most talented employees then there is a problem. Look at stock options, at promotions, at succession planning. There should be alignment across these various systems. Organizations should be assessing people against performance as well as potential. It is also important to assess the system and its true effectiveness.

**STEP SIX: REVIEW**

Finally, an organization must continually review its steps along the talent management cycle. Keep going over process, revising, improving and monitoring, to ensure the strategy and the programme aligns with the aims of the organization.

Talent management must be continuous. Talent is not something organizations do on a particular day; it is something they do every day. To be effective, talent management must become second nature, an integral part of the
organization. It is a business fundamental and should be treated as such. Only then will an organization be able to fight its corner in the talent wars.

1.6 TALENT MANAGEMENT AT ORGANIZATIONS’ LEVEL

Talent management responds to the challenge of recruiting and keeping the employees with high competences and providing them opportunities to achieve performance, excel and to promote in the company. Talent management process must be transparent; employees that don’t understand this process will consider that they are not treated equally in comparison with the other employees.

According to the Boston Consulting Group study, the most important activities in the talent’s management domain in the following years are going to be the following.

- The development of some personalized career plans.
- The development of some re-compensation plans specific for the talented employees.
- The search for talented employees in the competitor companies.
- The set up of the Alumni networks.
- The relocation of businesses in order to have access to new sources of talented employees.

Companies begin to diminish the intensity of the search for talents in the local sources, orienting themselves towards a global search of talent. Although, in

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7 http://search.ebscohost.com
present, only a small percentage of 10% among the companies resort to displacement in order to have access at new sources of talent, as it is forecasted that until 2015 this percentage is going to reach 20% or even more in the case of some countries.

The most frequent activities in the talent management domain that the companies are realizing at the moment, in a proportion of 50% and which they are going to accomplish, until 2015, in a proportion of 70% are: the development of some personalized career plans and the development of some re-compensation plans specific for the talented employees.

As a result of the companies’ obsession for short term performance, in part, they are also making themselves guilty for the present crisis for talent. Managers approach talent in a reactive manner, by hiring additional personnel only when a new product is launched. Short term orientation deviates management’s attention from long term preoccupations, such as: identifying talent sources and career’s development.

People’s mind habits are real barriers in the way of achieving an efficient talent management, a human resources managers asserts. When companies make a priority out of talent, these often fall in another trap, meaning that they focus only on the human resources’ systems and processes, fact that deviates the attention from the place where most obstacles can be found: people’s mentality.

There are numerous obstacles in the way of achieving an efficient talent management. McKinsey Quarterly realizes a ranking of the most important seven of these obstacles, presented in the exhibit below.

Tap 7 obstacles to an efficient talent management
% of respondents (n=98 business and HR leaders of 46 organizations).

1. Senior managers don’t spend enough time on talent management
   (59)

2. Organization does not encourage constructive collaboration and resources sharing
   (48)

3. Managers are not sufficiently committed to the development of people’s capabilities and careers.
   (45)

4. Managers are unwilling to differentiate their employees as: top, medium, and underperformers.
   (40)

5. Top management is insufficient involved in the development of talent management strategies.
   (39)

6. Senior leaders do not align talent management strategy with business strategy.
   (37)

7. Managers do not address underperformance effectively, even when chronic.
   (37)

Another negative tendency of the last years is the diminution of the influence of the human resources department and the absence of talented individuals willing to work in this department. An analysis of the organizational structures effectuated by McKinsey Quarterly together with Saratoga Institute revels the fact that, less than two thirds of the human resources managers relate directly to the president of the organization, and a recent survey realized by Great Britain indicates that human resources specialists earn up to 50% less that their homologues from other departments.
Managers criticize human resources specialists for lacking business knowledge, observing that the majority is working, rather, in a narrow administrative vision, than addressing to the long term problems, such as: planning the workforce and elaborating a strategy that should respond to the company’s necessity for talent. In order to consolidate the business competences of the human resources specialists and, at the same time, with the purpose of making the human resource operation more credible, the Coca-Cola Company, for example, effectuate the high performances managers on positions inside the human resources department.

A Watson Wyatt and WorlatWork organizations study, conducted in may 2008, which is based on the answers of 1.389 organizations from 24 countries, brings out the fact that the exodus of the efficient employees can be prevented through an integrated approach of the compensations and talent management. According to this study, the companies that introduce such an approach have with approximately 20% fewer chances in facing problems in attracting and holding to the talented employees. These companies also have approximately 18% more chances to be profitable from a financial of view.

In order to elaborate efficient strategies for talent management at all hierarchic levels, a special attention must be given to the segmentation of employees in target groups, depending on different values, ambitions and expectations. For example, Generation X’s values, ambitions and expectations are different from those of Generation Y’s, as those of middle aged women are different from those of elderly employees. These values, ambitions and expectations differ according to cultural environment, a more specific segmentation being necessary.

The benefits of the talent management practices cannot be ignored by the companies. Talent management doesn’t contribute only in motivating employees and in obtaining a bigger profit, but also in the improvement of the respective company public image. A ranking of the most admired companies for their talent
management practices, realized in 2008 in USA, is only one of the proofs of this thing. Among the most admired ten companies for their talent management practices are: BMW Company, Walt Disney, Fortune Brands, Starbucks, General Electric and Procter & Gamble.

Talent management encompasses many aspects of human resources management. While a company must be able to fulfill the administrative requirements in this domain, one must not let out of sight the fact that talent management refers to the development of individuals, at their training and at the creation of leaders.

Talent management must be priority for each organization. In order for this objective to be accomplished, inside the organizations it is necessary to persists the conviction that people really matter, conviction that must be anchored in the organizational culture of the company, together with the manger’s preoccupation for the development of the employees.¹⁸

1.7 TALENT MANAGEMENT IN IT SECTOR

In current economic conditions, many companies have felt the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization. However, within many companies the concept of human capital management has just begun to develop, “In fact, only 5 percent of organizations say they have a clear talent management strategy and operational programs in place today”.

TV Mohandas Pai’s position is not an enviable one. The head of HR at Infosys has one of the toughest challenges among all honchos at the Bangalore-

¹⁸www.peoplemanagement.co.uk.news
based IT field: finding the talent needed to support the company’s ambitious growth plans.

The IT sector is on a hiring spree, targeting an intake of 3 lakh this year. Of this, Infosys alone will absorb one-twelfth, and pace is unlikely to slow down.

“The leading IT players will do their hiring this year but the bigger challenge will come next year. The market is getting tighter,” says Pai.

Even fulfilling the current year’s targets will be an achievement, since Infosys has set out to hire 25,000 people in 2005-06, upping its head count, IT and BPO taken together, by virtually 50 per cent in a single year- and this at a time when other firms are also on recruitment spree.

This is now Infosys plans to achieve the numbers: It offered jobs to 6,500 youngsters last year to join this year. Progeon, the BPO arm, is on course to hire 6,000 during the year.

“That leaves us another 12,500 to recruit in the rest of the year, which we will manage,” adds Pai. The first quarter target of 8,000 is being achieved. Hiring will take place all over the country. And Infosys is doing something new-hiring 750 BSc mainstream science graduates for the parent firm.

But in order to avoid losing its costs advantages, it is not going overboard on the package it is offering to freshers. It is paying no more than last year’s rates,

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plus inflation. This year fresh recruits are being offered Rs.2.7 lakh (Rs.270,00) per year, compared to Rs.2.4 lakh (Rs.240,000) last year.

Pai is not losing sleep over the possibility of the Indian IT leaders pricing themselves out. He is confident that their productivity gains will enable them to keep ahead of rising costs. But he certainly worries about the overall skills scenario confronting the organized sector.

The supply-demand situation is just about balanced this year. The country will produce 3 million graduates, of whom around half are good enough for the organized sector. It will thus end up recruiting the 1.5 million it needs, which is exactly what is recruitable. This explains why Pai uses words like “tight” and ‘Challenging”

‘The best of IT can pay more without getting affected. We can manage but what happens to the rest of the organized sector?’ asks Pai. He is worried because there are both vacancies and new positions to be filled for the economy as a whole.

Over the next 10 years 30 per cent of the present work force will retire. In the services sector the situation is particularly bad. A quarter of the million people who work for the financial service sector, for example, will retire over the next five years.

And if the economy doubles in size over the next 10 years, as it will if it keeps growing at 7 per cent per annum, the organized sector workforce too will have to double over the next decade, and replacements found for those who retire.
There is only one solution, argues Pai: “We need to sharply accelerate our higher education capacity so that we can double our output of graduates in the next five years”.

Infosys has announced that it will recruit the top 20 per cent of students from engineering departments of colleges and rely on a selection process involving a series of tests and interviews. With ‘catch’ em young’ being the firm’s slogan, it has taken initiatives to expand the available talent pool by working with education regulators and academia in India and abroad.

The company’s ‘Campus Connect’ initiative aims to improve the industry readiness of students while they pursue a regular education. In the last fiscal, Infosys partnered 250 colleges in India and four universities in China and helped 188 faculty members with specialized courseware.

If you catch’ em young you must train them right’. To ensure availability of skills in line with needs, Infosys has set up an extensive training infrastructure. Competencies required are identified and developed along multiple dimensions: technology, domain, leadership, management.

New employees undergo training for 14.5 weeks before being deployed on engagements. The firm has established a ‘global education centre’ (GEC) in Mysore to train 4,500 employees simultaneously.

To manage with a young workforce Infosys has a programme to upgrade the skills of its staff across the board.

Last fiscal the firm launched a ‘competency certification programme’ aimed at certifying its employees in various industry domains, technologies and project
management processes. The certifications are mandatory for the future growth of employees.

The attention to skill development has enabled Infosys to become ‘a role-based’ organization, cutting the number of levels from 15 to seven.

Infosys’ HR practices have been assessed at Level 5 of the ‘people capability maturity model’ (PCMM), thus putting it at the forefront of the battle for skill development.

For human resource divisions, equipping staff with the necessary skills and drive to do their jobs is a fundamental responsibility. Successful talent management builds the kind of workforce needed to boost business success, and is a key contributor to indicators like job satisfaction, turnover, and performance. But the daily demands of corporate life often overshadow the importance of this kind of planning, and resources – both financial and time – can be directed away from talent management and development. Today, many department heads are looking for tools that support the kind of strategy that’s so crucial for talent management, while delivering solutions for other aspects of HR as well. IBM delivers the most complete business solution on the market today, and makes the possibility of multilevel planning a reality.

IBM Cognos 8 Workforce is just one piece of comprehensive application suite designed to tackle every aspect of the management cycle-from talent planning and budget forecasting to measuring and reporting. The ability to combine Workforce’s analytical functionality with other IBM management software gives leadership a unique organizational perspective. Not only are corporate trends illuminated, but detailed information about departments is realized. Leadership can take steps to streamline daily routine and create strategizing opportunities. Personnel needs are dynamic, and for companies looking to build in-house talent, management must engage in this kind of assessment regularly.
IBM, a leading provider of performance management solutions for over 35 years, continues to offer companies the most current software for their business intelligence dilemmas. Today, human resource offices are facing a unique challenge: baby boomers are reaching retirement age, creating increased competition for employees and a greater need for training and development of recruits entering the workforce. Juggling these emerging needs requires a sophisticated talent management solution, like IBM Cognos 8 Workforce Performance. Workforce packages over 100 measures and workforce-focused attributes in an easy-to-use environment. Discover critical information about employee demographics, compensation, sick leave, Staff turnover, etc. Answer assessment questions about job satisfaction and top turnover, etc. Answer assessment questions about jobs satisfaction and top performers. IBM let you do this all in a complete platform that covers:

- Benefits analysis
- Workforce alignment and optimization
- Human resource performance
- Retention analysis

Since IBM Cognos 8 Workforce Performance can be integrated without hassle into existing technology, organizations save valuable time and money. Long-term, resources can be invested to develop the talent that drives business success.

IBM also provides data mining software, KPI analysis tools, financial reporting software, OLAP tools, performance based management software, dashboard report tools, and more.

IBM has launched two initiatives related to integrated talent management in the last few months. The first up in December is an announcement of its new offering, IBM Workforce and Talent Solutions. The solution helps organizations bring together what are often separate and non-integrated talent functions and is a blend of upfront assessment and consulting, IBM’s own Cognos 8 workforce
performance technology, and technology from talent-specialist vendors Saba and Success Factors. The second more recent announcement from February 3 is dubbed Mid-Market Workforce Effectiveness and calls for packaging of IBM services with Lawson Software’s human capital management solution. IBM’s Workforce and Talent Solutions offering is geared toward those larger enterprises that find them with a mixture of talent software and practices that are not integrated today. The larger the organization the more likely that recruiting as a function has little interaction with the learning function, which in turn has little input or exchange with the performance process. The most interesting fact of the offering is IBM’s Human Capital Health check tool because the upfront discussion on talent strategy is perhaps the most important step in the process. One challenge technically is the prevalence of Saba as on on-premise solution versus Success Factors as a SaaS solution. IBM has reseller agreements in place for both, whereas for recruiting, IBM partners with but does not resell Taleo. The Lawson-based midmarket offering will first target where Lawson has its strengths from an industry perspective in healthcare and manufacturing. The target market is firms with 100 to 2,000 or possibly 5,000 employees. Similar to the large market offering, IBM will focus on process redesign up front. Differentiation focuses on affordability, repeatability, and no customization. There are 100,000 businesses in the United States alone, with between 100 and 999 employees. Although there has been increased market attention on this sector, it is still seen as somewhat underserved with larger firms garnering the most attention. IDC concurs with IBM’s alignment with Success Factors and Lawson as these two vendors emerged as the leaders in our recent Marketscape on Integrated Talent Management. At the height of the war for talent and the veritable feeding frenzy on all things related to talent, IBM’s new offerings would have been met with a larger potential pool of interested buyers. In the more difficult times we face now, talent is still important, and identifying top talent on a global basis may be even more important. However, it will take more visionary thinking on the part of HR to recognize and act on this.

Talent Management: Key Factor to Growth
Talent Management is a key factor to the growth of the organization. It plays an important role in shaping the business outcomes for any organization. The individual HR practice/ set of practices. When implemented in unison has a significantly greater impact on the organizational performance than then implemented in isolation. The following table lists the outcome of various bundles of HR practices and correlation between them:

**TABLE 1.1**

**HRM BUNDLES AND BUSINESS OUTCOMES**

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<th>Bundle Types</th>
<th>N</th>
<th>K</th>
<th>R</th>
<th>P</th>
<th>$S^2$</th>
<th>$\sigma_p^2$</th>
<th>95% CI</th>
<th>Z²</th>
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<td>.01</td>
<td>.16;27</td>
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<td>.02</td>
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<tr>
<td>All outcomes</td>
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<td>.19</td>
<td>.24</td>
<td>.02</td>
<td>.04</td>
<td>.21;28</td>
<td>119.4**</td>
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<td>.03</td>
<td>.22;35</td>
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<td>.04</td>
<td>.26;40</td>
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<td>.01</td>
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<td>.04; 21</td>
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<td>.15</td>
<td>.00</td>
<td>.00</td>
<td>.06; 24</td>
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<td>Overall performance</td>
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<td>.33</td>
<td>.43</td>
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<td>.07</td>
<td>.34; 52</td>
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<td>.02</td>
<td>.04; 12</td>
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<td>.15</td>
<td>.02</td>
<td>.04</td>
<td>.11; 19</td>
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</tbody>
</table>

The HRM Bundles include

- **Empowerment- Enhancing Bundles**

These are bundles that empower the employee. They include involving the employee in influencing work processes/outcomes, having a formal grievance procedure and complaint resolution systems, job enrichment (skill flexibility, job variety and reasonability), self-managed or autonomous work groups and employee participation in decision making. Also, systems to encourage feedback from employees are covered within these bundles.

- **Motivation-Enhancing Bundles**
These are bundles responsible for keeping the employee motivated. They include formal performance appraisal process, incentive plans (bonuses, profit-sharing, gain-sharing plans), linking pay to performance, opportunities for internal career mobility and promotions, and health care and other employee benefits.

❖ Skill-Enhancing Bundles

These are bundles that lead to the growth and development of the individual employees. They include job description/requirements generated through job analysis, job-based skill training, recruitment to ensure availability of large applicant pools, and structured and validated tools/procedures for personnel selection.

The table shows positive correlations between HRM practice bundles and the organizational performance numbers. They study also says that the impact of the bundles implemented together is significantly higher than the impact of the individual HRM practices marking up the bundles. Organizations should try to incorporate these practices to whatever extent possible.

❖ Talent Management: Issues

“Everyone is available all the time, waiting for the next opportunity to come along and capture their attention. There are always other jobs and other careers for available talent”. This summarizes the pain in talent management. There are various issues faced by organizations when hiring talent.

When asked to HR professional “What gives you the most ‘sourcing’ pain?” the responses were:
Not enough quality candidates – 52%

Lack of alignment and partnership with hiring managers – 20%

Too many candidates to process – 11%

Don’t know where to go, too many options, need to prioritize – 7%

As this illustrates, the major problem faced by hiring managers is locating the right talent. This is elevated by the fact that there is a dearth of resumes of process, and it becomes increasingly difficult to identify the right candidates\(^{10}\).

1.8 PRESENT SCENARIO IN IT SECTOR

In October, 2006, Ram Shriram, a founding board member of Google Inc. said that the company faced a challenge of finding candidates with the right skill sets in India, when compared to other parts of the world.

He cited the shortage of web development sills, web design technology professional, and the need for more talented middle-level managers. Analysts pointed out that these remarks were a further indication of the impending talent shortage in the Indian IT sector.

\(^{10}\)http://search.ebscohost.com
NASSCOM had estimated that, by 2010, India could face a shortfall of 500,000 IT professionals. It was believed that this could seriously threaten India’s Position as a leading provider of IT and ITES services.

According to NASSCOM, every year over 3 million people (graduates and post graduates) are added to the workforce in India.

Of these, only 25 percent of technical graduates and 10-15 percent of other graduates are considered employable by the growing IT and ITES sectors.

Even after employing these graduates, most companies have to spend considerable amount of time and resources on their training so as to develop the sills required by the industry.

Indian IT majors like Infosys, TCS and Wipro, and even global entities like IBM and Cognizant have invested heavily in training their new recruits.

With the talent shortage resulting in increasing salaries and high attrition rates, some experts cautioned that India could lose its competitive advantage in the IT sector.

This could lead to a situation where multinational companies might start scouting for alternative locations if India was unable to meet their growth demands due to shortage of quality manpower.

In order to address the problem, many IT companies have partnered with engineering colleges and universities.
Infosys had launched a program ‘Campus Connect’ to align the education being given at various engineering colleges, with the requirements of the industry.

Wipro had started a program called the Wipro Academy of Software Excellence, in association with BITS (Pilani) to prepare fresh graduates for careers in software programming and provide them with the necessary skills.

Many domestic IT companies have also started recruiting graduates and post graduates from other countries.

TCS planned to recruit around 4,000 foreign nationals in the US, China, Latin American and Eastern Europe. Satyam expected to recruit engineering graduates from Australia, Malaysia and Singapore.

Infosys offered internship programs for foreign students and also recruited graduates from the US and UK.

However, some experts opined that it remained efforts by individual companies could significantly redress the looming talent shortage in India.

1.9 STATEMENT OF THE PROBLEM

Information technology industry is the lifeline of the country in the present world, particular more so for a country like India, whose economy has been experiencing a high rate of growth during the past one and a half decades. Since the industry occupies a pivotal position for the growth of the economy. It is
necessary to look into present state of the industry with all its needs and how such needs will hinder the growth of the economy.

In the present situation prevailing in the country, It industry, being a high-tech industry, there is a severe shortage of high-tech professional, the demand being in excess of supply. So there is a need for ensuring steady supply IT professional. In this contest, talent management concept assumes great importance.

We are aware this term talent management was coined by David Watkins of Softscape in an article in 1998.

Talent management is also known Human Capital management. Companies on the whole have come to realize that their employee’s talents and skills drive their business success. So these companies started to develop plans and processes to track and develop their employee’s talents, including:

- Attracting and recruiting qualified candidates with competitive background.
- Managing, defining competitive salaries.
- Training and developing opportunities.
- Performance management processes.
- Retention programs
- Promotion and transitioning.

Employing these IT graduates is just the first steps, so after employing most companies spend lot of money, time and resources on their training to develop skills required by the industry.
According to NASSCOM every year 3 million graduates and post graduates are added to the workforce in India. Of these only 25% of technical graduates and 10-15% of other graduates found employable by IT and ITES sectors.

So, the Indian IT majors like Infosys, TCS, Wipro and global companies like IBM and cognizant have invested heavily in their new recruits. Many IT companies are now partnering with engineering colleges and universities in order to address this problem of technology, manpower shortage. Many domestic IT companies have also started recruiting graduates and post graduates from the other countries.

Infosys offered internship programs for foreign students, also recruited graduates from US and UK.

TCS planned to recruit around 4000 from US, China, Latin America and Eastern Europe. However, experts feel, it remained to be seen whether all these efforts could substantially reduce talent shortage in the IT sector in India.

This is the starting point and the main reason for this thesis, which is proposed to be written on the concept of talent management and its challenges and strategies in the IT sector.

The story of IT industry in India is significantly notable growth story adding substantially to GDP and to exports as well. The combined Information and Communication Technology industry which is made up of IT market and Telecom market will be at an impressive $100 billion during 2007.

**Mobile:** The installed base crossed 250 million mark, continuous to add 7 to 8 million subscribes every month.
**PCs:** The total installed base of PCs in India crossed 30 million. Further five million desktops were exported in 2007.

**IT services:** Domestic IT service grew at a hopping pace at $5 billion. This sector is dominated by a few MNC like EDS.

Almost 3 decade old Indian IT industry crossed THE $25 billion mark. The top-tier Indian firms, TCS, Infosys, Wipro and HCL established strongly among the leading global players in IT services. Many MNCs have started capture units in India.

Exports continue to be the big brother though there are some concerns which bother.

There has been an intense focus on the manpower issue. Bangalore city in India occupies a prime place in IT industry. This is seen from the fact that land space acquired by the IT industry is maximum for Bangalore city. As per facts available. Bangalore city has around 1000 units that belong to IT to ITES industry.

In IT industry the most important problem seems to be manpower training and particularly talent management. The demand for IT professionals is quite high and only 20 – 30 percent of this is met from current supply. So many IT companies are looking to locations abroad for recruiting the best IT professional talent. Identifying, training and retaining talent is a big problem facing the industry in the present time. In this area, the IT industry has been bagging behind other industries and needs to catch up with other industries like drug, finance and other industries. Moreover, the IT professional belong to the high income bracket so the problem of recruiting, attracting selecting and keeping talent assumes great importance.
The case for the present study arises from the need how to provide a continuous supply of trained and talented IT professional through proper set of TM strategies. By 2010, Indian could face a shortage of 5 lakh IT professional candidates. To meet to about shortfall, each and every IT company must build an efficient TM system. In this study we want to find out what is now lacking now in TM and how we can effectively rectify the lacuna. We could then chalk out the steps and stages involved in establishing a sound, efficient TM system for an IT firm in the present business environment in the country.

1.10 SCOPE OF THE STUDY

The study has been conducted in the city of Bangalore, since it is the major IT hub of India.

1.11 OBJECTIVES OF THE STUDY

1. To study the background information of the sample respondents and their views about components of Talent Management.

2. To discuss Talent Management as a critical intervention and business priority in Large and Medium/Scale IT firms.

3. To study Talent Management policy interventions and strategies in selected IT firms.

4. To analyse perception of respondents regarding objectives of Talent Management interventions, frequency of usage and their effectiveness.

5. To assess Talent Management system in terms of performance and potential of representative core competencies.

6. To examine skill interest and strength of Talent Management capabilities in select IT firms.

7. To identify factors associated with higher employee management.
1.12 HYPOTHESES

1. There is no association between age and consideration of Talent Management as a business priority in Large and Medium/Small IT firms.

2. There is no association between designation and consideration of Talent Management as a business priority in Large and Medium/Small IT firms.

3. There is no significant variation in the perception of respondents regarding the association with higher employer engagement between Large and Medium/Small Scale IT firms.

1.13 METHODOLOGY

Sample Design

Number of Sample units chosen for the present study is 500. Out of 500 sample respondents, 179 of them belong to Large size IT firms and remaining 321 belong to Medium/Small size IT firms.

Period of Study

The period covered by the present study is from April 2010 to December 2012.

Source of data
Questionnaires were issued to all the respondents and the primary data was collected.

Secondary data were also collected from the Ministry of IT, Bangalore city and other authentic secondary sources like leading IT firms namely IBM, Wipro, Infosys, Cognizant and others.

**Tools of Analysis**

The following statistical techniques were adopted after tabulating the duly collected data:

- Scaling Technique
- Chi Square Analysis
- Analysis of Variance
- Factor Analysis

**1.14 SCHEME OF WORK**

The study has worked out in the following pattern. Chapter I, the Introduction and Design of Study deals with Meaning and History of Talent Management, Importance, Modern view of Talent Management, Talent Management at Organizations level, Talent Management in IT sector, Talent Management : Key factor to Growth, Present scenario in IT Sector, Statement of the Problem includes Objectives, Hypothesis, Methodology and Scheme of work.

Chapter II deals with the reviews of past studies relating to Talent Management.
Chapter III discusses the Profile of the study area namely Bangalore city and profile of the Respondents.

Chapter IV analyses the background information about sample respondents and their perception towards Talent Management for Organizational Excellence.

Chapter V presents summary of findings of the study along with the conclusions and suggestions.

CHAPTER II
REVIEW OF LITERATURE

2.1 INTRODUCTION

The usefulness of any research study depended to a very great extent on a review of the recent earlier literature related to that study. It would enlighten the researcher on the various types of dimensions and problems pertaining to the research study. It would also help the researcher to frame the right pattern of objectives for the study and impart a high level of research motivation. It would be most fitting to review some of the recent studies that had already been conducted on the subject.

2.2 REVIEW OF LITERATURE