CHAPTER III
HR PRACTICES IN HOSPITAL SECTORS
AND NEED FOR TALENT MANAGEMENT

3.1 Healthcare Sector in India

Healthcare is one of the India’s largest sectors, in terms of revenue and employment, thus, it can be rightly said that this sector is expanding rapidly. During 1990s, Indian healthcare sector grew at a compound annual rate of 16 per cent. Today the total value of the sector is more than US $34 billion. This translates to US $34 per capita, or roughly 6 per cent of GDP. By the end of the year 2012, India’s healthcare sector is projected to grow to nearly US $40 billion. The private sector accounts for more than 80 per cent of total healthcare spending in India. Unless there is a decline in the combined federal and state government deficit, which currently stands at roughly 9 per cent, the opportunity for significantly higher public health spending will be limited.

One driver of growth in the healthcare sector is India’s booming population, currently 1.1 billion and increasing at a 2 per cent annual rate. By 2030, India is expected to surpass China as the world’s most populous nation. By 2050, the population is projected to reach 1.6 billion. This population increase is due to part of a decline in infant mortality, the result of better healthcare facilities and the government’s emphasis on eradicating diseases such as hepatitis and polio among infants. In addition, life expectancy is rapidly approaching the levels of the western world. By 2025, an estimated 189 million Indians will be at least 60 years of age triple the number in 2004, thanks to greater affluence and better hygiene. The growing elderly population will place an enormous burden on India’s healthcare infrastructure.

The Indian economy, estimated at roughly US $1 trillion, is growing in parallel with the population. Goldman Sachs predicts that the Indian economy will expand by at least 5 per cent annually for the next 45 years, and that it will be the only emerging economy to maintain such a robust pace of growth.
3.1.1 Reason’s Stated for the Growth in Healthcare Sector

India traditionally has been a rural, agrarian economy. Nearly three quarters of the population still lives in rural areas, and as of 2004, an estimated 27.5 per cent of Indians were living below the national poverty line. Around 300 million people in India live on less than a dollar a day, and more than 50 per cent of all children are malnourished. However, India’s thriving economy is driving urbanization and creating an expanding middle class, with more disposable income to spend on healthcare. While per capita income was US $620 in 2005, over 150 million Indians have annual income of more than US $1,000, and many who work in the business services sector earn as much as US $20,000 a year. While this is a fraction of the income that their US Dollar peers earn, it is the equivalent of more than US $100,000 per year when adjusted for purchasing power parity.

More women are entering the workforce as well, further boosting the purchasing power of Indian households. Between 1991 and 2001, the percentage of women increased from 22 per cent to 26 per cent of the workforce, according to the latest Indian government census. Many of these women are highly educated: the ratio of women to men who have a college degree or higher level of education is 40:60. Thanks to rising income, today at least 50 million Indians can afford to buy Western medicines. If the economy continues to grow faster than the economies of the developed world, and the literacy rate keeps rising, much of western and southern India will be middle class by 2020.

Another factor driving the growth of India’s healthcare sector is a rise in both infectious and chronic degenerative diseases. While ailments such as poliomyelitis, leprosy, and neonatal tetanus will soon be eliminated, some communicable diseases once thought to be under control, such as dengue fever, viral hepatitis, tuberculosis, malaria, and pneumonia, having returned in force or have developed a stubborn resistance to drugs. This troubling trend can be
attributed in part to substandard housing, inadequate water, sewage and waste management systems and disintegrating public health infrastructure systems.

In addition to battling infectious diseases, India is grappling with the emergence of diseases such as AIDS as well as food- and water-borne illnesses. And as Indians live more affluent lives and adopt unhealthy western diets that are high in fat and sugar, the country is experiencing a rise in lifestyle diseases such as hypertension, cancer, and diabetes, which are reaching epidemic proportions (see sidebar, The Indian Diabetes Epidemic). Over the next 5-10 years, lifestyle diseases are expected to grow at a faster rate than infectious diseases in India, and to result in an increase in cost per treatment. Wellness programme targeted at the workplace, where many sedentary jobs are contributing to an erosion of employees’ health, could help to reduce the rising incidence of lifestyle diseases.

3.1.2 Opportunities for the Growth of Healthcare Sector in India

Given the current state of India’s healthcare system, its challenges and its growth prospects, it has been identified that a number of market opportunities for foreign companies want to participate in the health care sector. Medical tourism is on the rise. Medical tourism is one of the major external drivers of growth of the Indian healthcare sector.

The emergence of India as a destination for medical tourism is due to the country’s well educated, English-speaking medical staff, state-of-the art private hospitals and diagnostic facilities, and relatively low cost to address the spiraling healthcare costs of the western world. India provides best-in-class treatment, in some cases at less than one-tenth the cost incurred in the US. India’s private hospitals excel in the fields such as cardiology, joint replacement, orthopedic surgery, gastroenterology, ophthalmology, transplants and urology.
TABLE: 3.1
COST OF KEY HEALTHCARE PROCEDURES
(Value in US $)

<table>
<thead>
<tr>
<th>Specialties</th>
<th>USA</th>
<th>Thailand</th>
<th>India</th>
<th>India HC cost–x of US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiac surgery</td>
<td>50,000</td>
<td>14,250</td>
<td>4,000</td>
<td>12.5</td>
</tr>
<tr>
<td>Bone marrow transplant</td>
<td>62,500</td>
<td>62,500</td>
<td>30,000</td>
<td>13.33</td>
</tr>
<tr>
<td>Liver transplant</td>
<td>500,000</td>
<td>75,000</td>
<td>45,000</td>
<td>11.11</td>
</tr>
<tr>
<td>Orthopedic surgery</td>
<td>16,000</td>
<td>6,900</td>
<td>4,500</td>
<td>3.56</td>
</tr>
</tbody>
</table>

Source: India Brand Foundation Report, IBEF Research

According to a joint study by the Confederation of Indian Industry and McKinsey, Indian medical tourism was estimated at US $350 million in 2006 and it grew to US $2 billion industry in 2012. An estimated 180,000 medical tourists were treated at Indian facilities in 2004 (up from 10,000 just five years earlier), and the number has been growing at 25-30 per cent annually. India has the potential to attract one million medical tourists each year, which could contribute US $5 billion to the economy, according to the Confederation of Indian Industries.

In addition to receiving traditional medical treatments, a growing number of western tourists are travelling to India to pursue alternate medicines such as Ayurveda, which has blossomed in the state of Kerala, in Southwestern region of India. The number of medical tourists visiting Kerala was close to 15,000 in 2006 and it reached 100,000 by end of the year 2010.

The Indian healthcare sector is ripe for the expansion and significant growth is due to the reasons mentioned above. Medical tourism in India is growing at a compounded annual growth rate of over 27 per cent during 2009-2012. Medical tourism market is valued to be worth USD 310 million and generate USD 2.4 billion in 2012 and continuous to grow at 30 per cent a year. Due to increasing medical tourism and greater clinical trial activities in India, there is a need to upgrade the service standards and provide the state-of-the-art facilities to bring the service levels on par with global standards. This changed outlook has created an excellent opportunities for the investors to provide much needed managerial and financial support.
There is tremendous demand for tertiary care hospitals and specialty hospitals in India. There is a gap between the availability of the beds and required beds in the hospitals in India. It is estimated that an investment of USD 25.7 was required in addition to 450,000 beds in 2010. The government plays a significant role in bridging this gap giving private players immense opportunity. Further, medical tourism industry in India with estimated market of USD 350 million in 2006 and had reached USD 2 billion in 2012 and it also plays a significant role in the development of hospital sectors. It is estimated that this sector has a potential to attract one million medical tourists each year from all over the world.

Government is encouraging this sector by providing certain incentives like lower import duties, higher depreciation on medical equipment and expedited visa for patients from foreign countries. Some trends that have been observed are that most of the healthcare players have been setting up additional facilities to cater critical care or super specialty healthcare. Some leading hospital players are very aggressive on raising funds for their expansions. India is also witnessing the growth of advanced diagnostic equipment and excellent infrastructure. Separately, there is also a need for institutions that train professionals, nursing and paramedical to overcome the shortage of trained professionals in the health care sectors in India.

3.2 Importance of Human Resources Management in Healthcare Sector

It is the primary goal of Indian government to ensure unhindered access to necessary hospital services and physician services to patients who are financially deprived or suffering from other barriers and health services may not be withheld on the basis of income, age, health status or gender.

On behalf of hospitals, initiatives are made by human resources professionals to improve the overall standard of care in the hospital. This department examines and shapes the organization's corporate culture among the
public and private hospitals operating in India. Today hospitals all over India have taken steps to define the values, behaviours and competences that characterize the current culture, and analyze these against the desired culture. Human Resources Management also plays an important role in investing in employee development. This is achieved by assisting employees to prepare and market themselves for internal positions and helping them pursue employment opportunities outside the organization. This case makes obvious the important roles that human resources management can play in coordinating organizational change.

3.2.1 Need for HRM Practices in Hospitals

Within many health care systems worldwide, increased attention is being focused on human resources management issues in hospitals. Specifically, human resources are one of three principle health system inputs, with the other two major inputs being physical capital and consumables. Human resources, when pertaining to health care, can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention. As arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services.
EXHIBIT: 2
RELATIONSHIP BETWEEN HEALTH SYSTEM INPUTS, BUDGET ELEMENTS AND EXPENDITURE CATEGORIES.

Exhibit: 2, identify three principle health system inputs: human resources, physical capital and consumables. It also shows how the financial resources to purchase these inputs are of both a capital investment and a recurrent character. As in other industries, investment decisions in health care are critical because they are generally irreversible: they commit large amounts of money to places and activities that are difficult, even impossible, to cancel, close or scale down.

The multidisciplinary approach tends to focus around specific professional disciplines, with health care planning being mainly top-down and
dominated by medical professionals. Typically there is a lead to HRM professional who determines the care and, if necessary, directs the health care specialists and allied professionals (aides, support workers) in right direction of professional service renders. Interdisciplinary teams face enormous challenges. Therefore multidisciplinary teamwork will continue to be a vital part of the health care system. However, the goal of this teamwork should not be to displace one health care provider with another, but rather to look at the unique skills each one brings to the team and to coordinate the deployment of these skills. Clients need to see the health worker most appropriate to deal with their problem. To achieve the organizational goals of HRM efficiency the hospitals need to excel in their HR practices and maintain continuous appraisal of their staff’s performances.

3.3 Talent Management

"Talent Management" has become one of the most important buzzwords in Corporate HR and Training today. Effective talent management in healthcare has been considered to be important for increasing in and out patient satisfaction, lowering nursing staff turnover and also for increasing employees’ productivity. Talent management practice within an organization is a human resource strategy that seeks to identify, develop, deploy & retain talented & high potential employees. Several recent articles in the practitioner – oriented literature describe “talent management” as “a mindset”; a key component to effective succession planning; and an attempt to ensure that “everyone at all levels works to the top of their potential”. Several authors fail to define the term or admit, “There isn’t a single consistent or concise definition”. Nevertheless, Ashton and Morton note, “good Talent Management is of strategic importance”. Despite this inauspicious start this study investigated further and uncovered three distinct strains of thought regarding Talent management. The first defines talent management as a collection of typical human resource department practices, functions, activities or specialist areas
such as recruiting, selection, development and career and succession management.

Talent management is encompassing all HR processes, administration and technologies. It commonly refers to the sourcing, screening, selection, on-boarding, retention, development, deployment and renewal of the workforce with analysis and planning as the adhesive to overarching process. In other words, talent management is what occurs at the nexus of the hiring, development and workforce management process and can be described alternatively as talent optimization.

3.3.1 Defining the Talent Management Process

Organizations are made up of people: people creating value through proven business processes, innovation, customer service, sales, and many other important activities. As an organization strives to meet its business goals, it must make sure that it has a continuous and integrated process for recruiting, training, managing, supporting, and compensating these people. The following chart shows the complete process:
i. **Workforce Planning**: Integrated with the business plan, this process establishes workforce plans, hiring plans, compensation budgets, and hiring targets for the year.

ii. **Recruiting**: Through an integrated process of recruiting, assessment, evaluation, and hiring the business brings people into the organization.

iii. **Onboarding**: The organization must train and enable employees to become productive and integrated into the company more quickly.
iv. **Performance Management:** by using the business plan, the organization establishes processes to measure and manage employees.

v. **Training and Performance Support:** of course this is a critically important function. It provides learning and development programme to all levels of the organization employees.

vi. **Succession Planning:** as the organization evolves and changes, there is a continuous need to move people into new positions. Thus, succession planning is considered as very important function that enables managers and individuals to identify the right candidates for a right position. This function also must be aligned with the business plan to understand and meet requirements for key positions. While this is often a process reserved for managers and executives, it is more commonly applied across the organization.

vii. **Compensation and Benefits:** is an integral part of people management. Here organizations try to tie the compensation plan directly to performance management so that compensation, incentives, and benefits align with business goals and business execution.

viii. **Critical Skills Gap Analysis:** this is a process researchers identify as an important, often overlooked function in many industries and organizations.

### 3.3.2 Management Theories on Talent Management

The phrase talent management gained attention in the 1990s, but its roots were in the 1950s and 1960s in the form of three management theories: Chris Argyris’ theory about personality and organization; Frederick Herzberg’s two factor theory; and David McClelland’s concept of achievement orientation. As well, Jim Collins’s 2001 Good to Great provides important guidance as to the fundamentals of talent management. Once these foundations are in place,
human resource management techniques that facilitate talent management are not a single dimension issue rather it contains more than two dimensions to be focused.

EXHIBIT: 4
DIMENSION OF TALENT MANAGEMENT (BASED ON MANAGEMENT THEORIES)

i. Personality and Organization

First, in the 1950s Chris Argyris study on Personality and Organization, claimed that corporate jobs had become stultifying. The study says that normal human development implied increasing autonomy, responsibility and time horizons, but jobs limited responsibility, were overly specialized and reduced time horizons. Controlling or manipulative managements made employees
indifferent to their jobs. The average employee disengaged from the jobs of those days. The talented employee would find more opportunists for self-employment, career change into an alternative profession or moving up through the hierarchy. Since only a small fraction of employees could move up in the ladder, Argyris’ seminal argument implied that talented employees did not typically have a future in most organizations. In fact, it was unlikely that management would identify talented employees or that talented employees would aim to stay. Management Psychologist Abraham Zaleznik made similar claims in his 1990s in his book named “Managerial Mystique”.

ii. Work Motivation

The management theory of Frederick Herzberg’s, two-factor theory claimed that workers are primarily motivated through interesting, intrinsically motivating work. Compensation needs to be competitive and adequate, but once lower-order employee feel that physiological need, safety and social needs are met; challenging and interesting work motivates employees. The message is that talented employees need to be retained and developed through challenging assignments and adequate pay.

iii. Merit Achievement

David McClelland, who argued in his study conducted in 1961 titled as “Achieving Society” that societies become successful to the extent that they have a personality trait that he calls achievement orientation. According to McClelland, societies emphasize achievement, achievement-orientated individuals succeed and societies become more affluent and industrialized. In such societies, rewards focus on merit. Talents that result in achievement are encouraged and rewarded. A culture that supports achievement evolves. Avenues for success are opened based on achievement rather than politics. McClelland emphasized that other-direction and interpersonal skills need to accompany achievement orientation.
iv. High-Performing Leadership Personalities

Jim Collins in his study titled “Good to Great”, has argued that high performing CEOs (Chief Executive Officers) who build outstanding executive teams tend to have personalities that are different from most CEOs. They tend to be selfless, considerate and fundamentally moral to a greater degree than other CEOs. They give full credit to the achievements of their management teams and ask none for themselves. They focus on gradual, continual improvement as opposed to fast turnarounds or quick-fix strategies.

In a firm that has an achievement-oriented culture, jobs are designed to motivate and retain competent and high-achieving employees; leadership that gives even more credit than is due to employees; and an evenly focused, evolving strategy, is already on the way to a successful talent management programme. Once the fundamentals are in place, human resource management techniques are excellent at supporting and reinforcing a firm’s high performance culture.

v. Talent Management

As defined by Shawn Fegley in a 2006 in his report for the society for Human Resource Management, that the talent management involves “integrated strategies or systems designed to improve processes for recruiting, developing and retaining people with the required skills and aptitude to meet current and future organizational needs.” In other words, talent management ought to be fundamental to any human resource department. In the past, the disciplines of recruiting, compensation, retention, training and development were viewed as distinct. The concept of talent management is to integrate these considerations into a unified strategy; to identify skills needed to execute future business strategies; to identify gaps between required skills and skills available in the firm; and to develop ways to close the gaps. Crucial among these is the development of organizational cultures that encourage a committed workforce.
as well as more traditional human resource tactics such as staffing, employee
relations, performance management and organizational design.

vi. Ability Measurement

Ability measurement is of critical importance to the successful execution
of above said management theory concepts and any other human resource
tactics. For example, if there is a gap with respect to a certain technological
skill, the human resource department might ask whether it makes sense to train
current employees to learn the skill or to hire from outside, to make or buy. In
conjunction with top management, a decision may be made to hire employees
from outside. But the decision should not end there. Rather, human resources
would be better off training some employees and hiring others. The
performance of both groups could be tracked. Then, a better decision might be
made in the future.

Ability measurement has made advances in many areas, such as
intelligence quotients and assessment centers. But performance appraisal as
executed in most firms is riddled with threats to validity. Firms need to
determine how effective performance appraisal is; whether alternative methods
such as assessment centers might be useful; and to validate appraisal methods.

3.3.3 Talent Management as a Strategic Approach

Talent management is viewed as a strategic approach in managing
human capital throughout the career cycle: attracting, retaining, developing and
transitioning the most important assets in the organisation.
i. **Attracting Talent:** Attracting qualified talent is the critical first step in the talent management cycle, it includes: Creating Assessment and selection strategies and Processes. In the developing economy, the aged employee’s retirement creates tough competition for talent in the public and private sector job market. Employee turnover forces the employer for search and attracting fresh talents.

ii. **Matching the Right Candidate to the Job:** Matching the right person to the right job is an acknowledged need in organizations. But, these days one of the toughest challenges in selection often overlooked is matching the right candidate to his immediate seniors. Working with various tools, organisation can design and customize assessment exercises and materials. Organisation can also identify critical competencies in the people they recruit, develop success predictors and consult with their general recruiting strategies.
iii. **Retaining Talent:** Most companies today would acknowledge that their human assets are their most important asset. But since companies can't own employees the way they own factories or product, their success or failure hinges on the quality and duration of the relationships they form with their employees. In short, it can be rightly said that retaining talent, reducing employees’ turnover and aligning talent with organization goals are very vital for the long-term success of the business.

iv. **Developing Talent:** In a work environment employees cite career development as one of two top job satisfiers, along with compensation. The employees expect their management to provide challenging work assignment with executive coaching and leadership development programme that focuses on: developing talent, ranging from career development, executive coaching and leadership development to new job integration, team building and succession planning. And to frame measurement techniques that will demonstrate to top management how to invest in individual talents.

v. **Career Development / Career Management:** In an organisation Career Development / Career Management programmes are framed with the aim of assessing and providing feedback on employee performances. These feedback can be useful to the higher officials in planning, creating support, coaching and other tools, tailored to help the employees’ to realize their career goals, aligned with organizational goals.

vi. **New Job Integration / Assimilation:** Generally, it is realised by many HR experts that the first one hundred days on a job are critical for new leaders. To get introduced into new job and understand its nature the HR managers in the organisation must provide required training to the new leaders to perform effectively, more quickly, avoiding common pitfalls of their new roles. The HR department must provide feedback, planning and coaching, based on their assessments.
vii. Leadership Development: Organisation’s leadership development programme include a wide variety of leadership and management skills for developing talent, including coaching, conflict management, decision making, delegating, mentoring, motivating and performance management. Every business organisation must develop a leadership model specific to their company's needs and help organizations implement and manage their leadership development programme. They must provide assessment and feedback, action planning, coaching and support to promote changes that align leadership and organizational performance.

viii. Transitioning Talent: Creating Goodwill through Career Transition Programme. Put as much thought into how the organisation transition employees out of the company as they do attracting talent, and the return on investment is usually a happier workforce, separated employees who are more contented, and a community that regards you as a good citizen. The benefits of offering exiting employees’ quality transition programme far outweigh the costs and risks of not providing them.

3.4 Importance of Talent Management

Talent management is fundamentally about ensuring that the right people are positioned in the right places and utilized to the fullest potential for optimal success of the organization. Top business leaders clearly understand their talent pools. They work hard to identify the key players who have critical relationships with customers and suppliers, and then work even harder to nurture and keep those key resources. Some of the valid reasons why talent management is considered as important are:

i. Organisation cannot be successful without talent.

ii. Talent adds to the market value.

iii. Talent executes the idea.

iv. Talent is the last source of competitive advantage.

v. Great workplaces attract and retain talent.
vi. The most successful and admired companies have great talent.

vii. The cost of competent talent is high.

viii. The cost of turnover of talent is high.

ix. The competitive environment has created a retention crisis.

x. Retention can be managed.

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

### 3.4.1 Traditional Model for a Talent Management Process

The traditional model for a talent management process where the focus is on acquiring and retaining talent. Today, more issue must be addressed and integrated as suggested in the system approach to talent management. It includes the major issues of planning, acquiring, developing, managing, and retaining employees. Traditionally, many of these have been under different
section. This is a system that must work together in close coordination and integration, ideally under the direction of a central person whose key responsibility is talent management—perhaps a chief talent officer (CTO). When in place, the benefits are tremendous from the client’s perspective. First, it presents consistent attention throughout the process. If these issues are integrated, it creates a smooth transition. Problems can be spotted quickly and adjustments can be made. Second, talent acquisition can be more effective, ensuring the adequate talent is recruited and integrated in the system as well as the appropriate quality and quantities are secured. Finally, there is a value added in this process, as costs are reduced when the process is more efficient and duplications could be avoided. The systems approach is not only rationale and logical, but it is the economic way to address this important issue of talent management.

EXHIBIT: 6
TRADITIONAL TALENT MANAGEMENT PROCESS

Acquire → Deploy → Develop → Retain

Talent Management System

Planning

Analyzing Talent → Planning for Talent → Attracting Talent → Recruiting talent → Selecting Talent → Employing Talent

Acquiring

Managing

Career Development → Managing Talent Performance

Developing

On – Boarding Talent → Preparing New → Developing Talent

Career Development

Retaining Talent

Rewarding Talent → Retaining Talent → Removing Talent

Source: Deloitte Research, 2004
3.4.2 Defining the Critical

Before describing the mechanisms of talent management, it is helpful to define the critical talent in the organization. The critical talents are the employees who drive a major part of the company’s business performance and generate above-average value for customers and shareholders. Typically, the critical talent possesses highly developed skills and deep knowledge. They don’t just “do their jobs,” but go above and beyond to contribute to the organization’s success. They are in roles where they can make a difference – a big difference. Surprisingly, these are not always the high-tech or highest paid employees, but often the backbone employees who are seldom mentioned in the annual report. Critical talent can vary considerably by industry and organization. Recruiting wars often erupt when there’s a shortage of critical talent, leading to much inefficiency, cost, and disruptions along the talent management system.

3.4.3 Modern Talent Management - Competencies: A Starting Point

In recent years, there has been a tremendous focus on the use of competencies, with some experts indicating that attracting talent can only be achieved if it is focused on identifying competencies and using them throughout the process. Competency models are fundamental to human capital management systems. Too many organizations use different languages when describing recruiting standards, training requirements, and promotional criteria. The problem is exacerbated when these organizations operate in different cultures and countries. By utilizing an agreed-upon competency model, the organization can communicate via a common language that describes performance from one unit to the next.

As shown in the Exhibit:7, competencies drive the entire talent management system. Competencies relate planning, recruiting, and selecting talent at the beginning of the process. Preparing and developing talent focuses on the same competencies; managing, rewarding, and motivating employees also focus on these competencies. The competencies level of individuals for a
particular job, say even similar job can vary from one person to other. A competency is a reliably measurable, relatively enduring characteristic (or combination thereof) of a person, community, or organization that causes or statistically predicts a criterion or level of performance. Competency characteristics are knowledge, behavioral skills, competency processing (IQ), personality trait, values, motives, and occasionally other perceptional capabilities.

EXHIBIT: 7
COMPETENCIES AND TALENT MANAGEMENT SYSTEM

An example of competencies is shown in table. While these can be typical competencies for organizations, they are not necessarily for every organization. They have to be specific in terms of what is important to an organization and the skills, knowledge, and value systems needed. Competencies can be evaluated through interviews and previous work experiences. Once on the job, competencies are often observable and translate
directly into success or lack of success. The key challenge is to determine, to the extent possible, the competencies needed for talent in specific divisions, groups functions, or even job categories and use them to drive the talent management system.

3.5 Role of Chief Talent Officer

Traditionally, the responsibility for talent management has not been assigned to a single executive. Today, this has changed and in many organizations, a chief talent officer CTO is now responsible for all of the system, including recruiting, performance management, and managing layoffs. The chief talent officer ensures that the proper talent is selected, properly developed, and managed. The CTO has the opportunity to change the mindset of the organization and can have a key impact on lowering recruiting costs and offering employees new growth and opportunities that may not have been visible before.

Planning is perhaps the area that has been most neglected in much talent management systems. The objective of planning is to have an orderly process for acquiring the appropriate types of employees to meet the needs of the organization, given the constraints of market forces and the available labour supply. Three areas are often addressed, sometimes by separate individuals or units within the talent management system.

3.5.1 Analyzing Talent Needs

Several factors will determine the need for talent, as defined earlier. First, the growth of the organization often translates into the largest component of talent requirements. The CTO must be aware of the organization’s strategy, both short and long term. Needs are sometimes driven by shifts in products and services, acquisitions, mergers, and routine growth through expansion. Whatever the reasons, this action translates into a specific number of individuals in different job categories. Second, replacement needs create openings as employees’ leaves the organization. If the turnover is excessive,
replacement needs become significant. If there is low turnover, replacement needs are minimal. In the context of managing retention, only the avoidable turnover is considered. However, when replacements are needed, all types of turnover must be considered, including those individuals who retire, leave due to disability, or transfer to other regional areas. Just the retirement issue is a critical problem for many organizations.

A third area that translates directly into needs is the changes in skills and competencies. A technology advances, markets change, and products shift, a different set of skills and competencies is sometimes needed, either in addition to or beyond those currently in the organization. These three areas generate needs that must be translated into specific numbers forecasted, in both short- and long-term scenarios. Since the majority of needs must be filled from the available labour market, a market analysis is critical. When examining the labour market, several issues must be taken into consideration. First is the supply of labour in the recruiting area. This is a critical issue for some organizations because of labour shortages. This may require the relocation of facilities to ensure a better source of labour.

3.5.2 Planning for Talent

After the numbers of staff to be enrolled have been developed and its availability in the labour market is analyzed. The HR managers generally develop the plans: generating a schedule of the number that will be acquired at what times, from what sources, and sometimes they decides on the job groups required to recruit. If it becomes apparent that that the market will not be able to supply the required resources, the shortages must be addressed and alternatives plans must be developed. For example, due to the difficulty of recruiting fully trained nurses, hospitals have created their own nursing schools, sometimes in conjunction with a university, at otherwise on their own. This is a classic case of attempting to regulate supply versus demand; taking control of the situation and creating the supply. This situation creates an important issue that must be part of the talent planning, that of scenario
planning. Because all forecasts contain error and there are many events that can have a significant effect on the sources, including success, different scenarios should be developed, including worst-case conditions. This process provides insight into what can, should, and perhaps must be done to ensure that available talent is on board when needed.

3.5.3 Acquiring

Acquiring talent has four key issues: attracting (in essence, creating a talent management); recruiting (getting them into the organization); selecting (making the selection decision); and employing (actually putting them on the payroll). Each of these is an important step, often performed by different individuals.

3.5.4 Attracting Talent

Attracting talent is long-term issue. The attraction of a place to work covers several issues, but two very important ones relate to the issue of developing a talent management. One issue is being an employer of choice, representing a great place to work. The second is the overall reputation, or employment brand, of the organization. Employers of choice have several things in common. They recognize and organize a work/life balance program that meets needs across the business; have professional and personal development opportunities for all; possess the ability to make a contribution to the firm tied to personal responsibility; enjoy a friendly and culturally rich environment, and operate a business that is responsible to the community as a whole. In the United States, employer-of-choice issues are developed by a variety of organizations and publications.

Organizations are working harder to polish their images in the eyes of prospective talent. Some organisations have staff who does little but keep the firm’s name in front of both public and patients, and promote their “employer brand.” The reputation is based on several factors:
• Emotional appeal;
• Products and services;
• Workplace environment;
• Social responsibility;
• Vision and leadership; and
• Financial performance.

The reputations, particularly for those issues about a place to work, are often evolved and developed over time and have to be driven by senior leadership. A few scandals, ethical concerns, or ineffective leadership can spoil an otherwise superb reputation. Many companies work very hard to ensure that their image, from a talent attraction perspective, is superb. In essence, they are attempting to brand their organization as a great place to work as well as a great place to invest. Sears perfected this sentiment in their overall strategy to create a compelling place to shop, a compelling place to invest, and a compelling place to work, putting the customers, shareholders, and employees on equal footing.

3.5.5 Recruiting Talent

Recruiting has changed significantly in the last decade; not only the methods, but the overall approach. Exhibit: 8 and 9, shows how the recruiting strategies have shifted from the old to the new methods. The new recruiting strategies are reflecting a comprehensive process involving many organizations with long-term focus. This shows the shift in the methods of recruiting. Although the traditional methods are still being used, newer methods are being adopted, particularly those involving web resources and networking. Monitoring current events in specific areas to understand where the talent may be located or what may be driving available talent is an effective tactics. Embracing employees through these systems make them not only referrals for others, but serve as talent scouts in another useful approach. Because of the scarcity and competition for quality talent, a talent war is being waged in
certain industries, especially in hospital services. Non-traditional recruiting methods are often needed to capture the interests of the passive prospect.

**EXHIBIT: 8**
**SHIFTS IN SELECTION METHODS**

<table>
<thead>
<tr>
<th>Traditional Selection Methods</th>
<th>Non-Traditional Selection Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resumes</td>
<td>Behavioral interviews</td>
</tr>
<tr>
<td>Background checks</td>
<td>Job simulation</td>
</tr>
<tr>
<td>Reference checks</td>
<td>Pre-employment training</td>
</tr>
<tr>
<td>Testing</td>
<td>Assessment center</td>
</tr>
<tr>
<td>Physical exams</td>
<td>Work samples</td>
</tr>
<tr>
<td>Drug testing interviews</td>
<td>Referral profile</td>
</tr>
</tbody>
</table>

Source: Senthilkumar and Kumudha (2011), Talent Management: The Key to Organizational Success

**EXHIBIT: 9**
**SHIFT IN RECRUITING METHODS**

<table>
<thead>
<tr>
<th>Traditional Recruiting Methods</th>
<th>Non-Traditional Recruiting Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job service agencies</td>
<td>Web resources</td>
</tr>
<tr>
<td>Recruiting ads</td>
<td>Open houses</td>
</tr>
<tr>
<td>Professional recruiters</td>
<td>Receptions at conferences</td>
</tr>
<tr>
<td>Campus recruiting</td>
<td>Information seminars</td>
</tr>
<tr>
<td>Internships</td>
<td>Diverse profile candidates</td>
</tr>
<tr>
<td>Employment support groups</td>
<td>Military recruiting</td>
</tr>
<tr>
<td>Community recruiting</td>
<td>Employee talent scouts</td>
</tr>
<tr>
<td>Job fairs</td>
<td>Networking</td>
</tr>
<tr>
<td>Walk – in applicants</td>
<td>Employee referrals</td>
</tr>
<tr>
<td>Trade and professional associations</td>
<td>Monitoring current events</td>
</tr>
<tr>
<td>Employment hotline</td>
<td>Pre-employment programs</td>
</tr>
</tbody>
</table>

Source: Senthilkumar and Kumudha (2011), Talent Management: The Key to Organizational Success

Talent management is fast becoming a critical strategic objective for growing organizations. This responsibility represents an excellent opportunity to create value. The importance of hiring competent talent is evident in any direction. Talent is king—now and in the future. It is the last source of competitive advantage.
3.6 Status of Talent Management in India

In the past people would start and end their careers in one company. The employee turnover over the past decade has been increasing. As the Indian healthcare industry experiences the exponential growth, hospital organisations are shifting their focus from 'survival' to excellence. Especially, in the metropolitans one can see that hospitals are striving to be leaders in the market rather than just survivors. As a result, need for excellent manpower is now indispensable. Hence, with lucrative offers at each employee's disposal, attrition is bound to happen. In addition to this, there is a big demand and supply gap in the healthcare manpower available. In its 2009 report, a leading business magazine mentioned that by 2012 there will be shortage of 5,00,000 doctors and 10,00,000 nurses alone in India, whereas Indian medical education capacity is 31,000 per year.

No wonder that the cost of manpower resources is increasing by each day. Private hospitals in India are literally bidding for good talent and attracting them with tempting salaries and designations. Undoubtedly, for any HR in the healthcare industry, retaining its employees is the need of the hour.

Healthcare is witnessing the same exponential growth that IT and BPO industry faced some years back. Needless to say, the sector has also inherited the problem of attrition that still plagues the IT and BPO industry. Attrition is pretty high in the industry these days. For instance, the attrition rate in Max Healthcare is 34-36 per cent. It is critical but definitely important enough to be addressable issue.

With attrition, the organisation losses key skills, knowledge and business relationships. To find a substitute is always a key challenge in this case. Because, for the hospitals recruiting and training programmes for employees is an expensive affair. The private hospitals have to invest a lot while recruiting an employee. But the situation gets worse when attrition happens at a key skill position, as there is already a scarcity of such resources.
in the market. So how does one deal with such a situation? "Though it is a challenging phase, one has to be prepared well in advance. Either one hires a well-trained person on a higher salary or hires someone at the lower salary.

3.6.1 Attrition amongst Nurses

Recruiting and retaining nurses is fast becoming a point of concern for Indian hospitals. According to HR experts, attrition rate among nurses is the highest, varying from 28 per cent and 35 per cent as compared to the average 10.1 per cent healthcare sector attrition rate for 2005. Estimates suggest that the nurse to population ratio was 1:1, 264 in 2004 in India, while it is 1:100-200 in Europe.

Attrition rates among nurses were the highest because of their high demand in foreign countries. There has been a faster rate of nurses leaving the country, over the last couple of years, for jobs in the UK or the US. India has highest number of trained nurses in the world and mature nursing professionals are opting to work outside country, in expectation of career growth opportunities in the other countries. According to the healthcare industry analysts, the list of countries choosing from India's pool of trained nurses is growing from the traditional 'Gulf Region' or West Asia, to the UK, the US and even Africa.

Industrial experts feel that the attrition rates have increased in the last decade. We have always been the exporter of medical and nursing talent worldwide and now the extra thrust on healthcare development in Middle East and African region will further fuel it." There is definitely a shortage of nurses in the country, particularly 'specialised nurses'. The demand from other countries is recognition of the skills of Indian nurses. However, there are not too many courses for specialised training to deal with emergency situations.

According to industry estimates, the current day requirement is for about 10.3 lakh nurses. At present, there are roughly nine lakh nurses registered with
various nursing councils in India. Thousands have already migrated to greener pastures overseas. There are thousands more waiting in the pipeline, signed up with commercial chains that facilitate migration of nurses. In fact, there is a boom in the number of agencies helping nurses find jobs overseas. An Indian nurse can expect to earn anything between $40,000 and $60,000 for a staff job in these countries. A nursing supervisor can earn around $80,000. And with overtime, they can add another 20,000 to 30,000 dollars to their salary. Not surprisingly, nurses are flocking to foreign countries.

The high attrition levels are also because there is limited scope for the nursing as a career. While doctors are paid well in private hospitals, than in a Government institution, the case is reversed for nurses, who are better looked after in public hospitals. The present shortage may not yet be crippling large hospitals in big cities, but is mainly felt in small towns or rural areas. Because of the acute shortage, many hospitals are today hiring unregistered nurses to cope with their basic needs. Also, poaching of staff from other hospitals has become rampant. The constant churn in nursing staff inevitably means a huge monetary drain for hospitals which have to constantly plough in more funds for training.

3.6.2 Various Other Reasons

Though many HR experts believe that people leave mostly for money; a significant factor is that most people leave because of their bosses. To put it simply, they do not maintain healthy relationship with their seniors or say their always exist a power distance. "Time and again most studies have proved that employees never leave the company, they leave their job due to the personal indifferences with their seniors/superiors. An inefficient boss creates poor work culture, which is one of the frequent reasons for quitting". In addition, attrition also happens when people hate their working conditions, do not like their teammates or perhaps do not like what they are doing. There are also cases when people leave their job for family reasons or when they wish to migrate. For
example, girls often leave their jobs when they get married and shift to another city. It is common to hear 'the organisational work culture is not good so, I can't work.' Well, it is the organisational culture which determines who stays and who goes. The culture of an organisation is determined by the quality of the relationship between bosses and their subordinates.

Employers often fail to understand the importance of providing opportunities for development of their employees or their career growth. Hospitals have limitations in providing a robust career progression plan. Also, salaries and perks within the system because various reasons that exist in their level of hierarchy. The cumulative average growth rate that an employee gets as salaries and perks does not help him/her in meeting their financial requirements, thus the employees’ tend to search for new jobs.

A conducive working atmosphere, good culture, training and career growth with adequate salary are some provisions that control attrition. But, many people leave their job, as they may have enrolled with certain aspirations, but when their current job fails to meet those aspirations, then these may employees quit.

For an organisation, the key lies in understanding and fulfilling those aspirations. The organisation is viewed as a place where employees meet their aspirations of growth and development, values of trust, teamwork and transparency. If a company respects them and their skills, realise their potential and provide them with a healthy environment to learn and grow with flexible compensation, employees take that as a strong reason to stay on. To tackle the problem of growth, the growth career path should also be spelt out clearly and employees must be made aware of those processes and growth path that they can expect. If there is a discrepancy, then the individual should be able to question it. He opines that there should be a focus on areas like training, career development and believes in equipping workforce better on the professional front.
3.6.3 Employee Retention Tools for Private Hospitals

Fair HR practices, equal growth opportunities, compensation on par with the market standards are some of the tools which can be applied to counter attrition. The best retention tools used over time and again are performance-based salaries and job promotions. A hospital which does not pay attention to these is bound to lose its employees. As the famous saying denotes that “I should not appraise someone merely because I like his/her face”. Unfortunately this is what is happening now. There is a lack of clearly defined appraisal parameters in many organisations. Moreover, employees should be awarded from time to time for their performance. Effective recognised and appreciation of employees’ performances helps the organisation in successful retention of the employees’.

Since employees’ performance is a primary determinant for the success and sustainability in hospital services, it is important for an HR manager in an organisation to keep an eye on fast track people who are intelligent and excellent performers. Therefore, excellent performers should be valued. They should be identified, nurtured and provided growth opportunity. Else, they will move in search of better job opportunities, claiming that their present organisation failed to offer them enough opportunities for career growth.

3.6.4 Role of HR Managers in Employee Retention

Growth of hospitals industry is in nascent stage in India, which really needs to effective talent and its right management. To retain the available talent of work force, an organisation must concentrate in its employees’ work-life cycle i.e., right from employee hiring, the organisation should not promise more than they can offer. Organisation should be very realistic in making promises, be it salary or be it perks or be it career growth. Like every industry, most talented people in hospital services do often have the tendency to move on for better job opportunities. The reason is their eagerness to climb up the ladder by shifting from one organisation to another. In short the need of the
hour is to hire 'stayers' (people who are willing to stay in an organisation for long) and convert them into effective performers with frequent training and development.

There is an urgent need for HR managers, to focus on creating a good work culture and to frame different strategies in line with organisational philosophy. It can be straightly said that, it is the right time that HR managers have to broaden their process of recruitment to creating a better work place. The HR managers have to find a mix of growth, learning opportunity and pay attention to employees' personal needs and participation in the work place. The needs of the employees should be regularly identified through open communication and feedback mechanisms by the HR managers. This will maintain consistency in performance and high levels motivation among the existing employees.

3.7 Conclusion

In an organisation if effective human resource practices are coupled with high performance management cultures. Then the organisation will succeed to “win a hundred battles it would give a good output without a single loss.” i.e., succeeding in people management skills or very specially say gain efficiency in talent management.

The management should be innovative and proactive to win the war of talent. With the next-generation predictive modeling systems, talent management and workforce planning can be transformed from reactive administrative functions to proactive systems capable of accurately forecasting talent demand right to the individual job. Since, these days attracting brains is more difficult than attracting foreign direct investment, thus, it can be rightly said that attracting and nurturing talent has become the single most dominant issues in many organisation. However, effective talent management (persons management) will make India enduringly competitive in hospital and other services. Strategies have to be framed for overcoming talent shortages.
Obstacles to talent are to be identified and overcome. Effective talent management can be by Indian organisation both in manufacturing and in service through development of social and physical infrastructure within the organisation and throughout the country. The theoretical discussion of this chapter is concluded with the words of Anil Ambani, who says that "Talent is footless and youth will seek a better quality of life wherever and whenever". A rightly managed talent turns out to be a gold mine. It's inexhaustible and priceless. It will keep supplying wealth and value to the organization. In turn, management needs to realize its worth, extract it, polish it and utilize it. Don't hoard. Talent-spend it lavishly, like a millionaire flashing his luxuries, because Talent is wealth.
References