EXECUTIVE SUMMARY

Talent is the sum of a person's abilities, his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive required for today and tomorrow. It also includes his or her ability to learn and grow giving his/her discretionary energy and making a real contribution through work to find meaning and purpose in his/her work.

The talent management is a mission critical process that ensures organisations have the quantity and quality of people in place to meet their current and future business priorities. The process covers all key aspects of an employee’s “life cycle:” selection, development, succession and performance management.

Being comparatively a new outlook on the Human Resources not much research had been done in this area of Talent Management all over the world. Hence the researcher chose to study the talent management practices as prevalent in India, more specifically in and around Chennai with respect to the manufacturing industries.

Manufacturing industry consists of a gamut of agricultural products, automobile, chemical, pharmaceutical, electronic, engineering, textile, and other industries. Manufacturing industry, though, was the target for the study, considering engineering industry occupying the prime of place in manufacture and the automobile industry hogging the lime light at present, the scope of the present study is well within these two industries.
Geographic location of the study of these industries for this research was in and around Chennai. Chennai is the capital of the State of Tamil Nadu in India. The term ‘In and Around’ means to include the geographic demarcation within 120 kilometers radius of Chennai comprising locations falling within the districts of Chennai, Chengalpet, Kancheepuram, Tiruvallur and Vellore.

With the growing shortage of able and capable manpower in these industries the problem for these industries lies in the attraction and retention of talent in these organisations. Hence it is a mandate to find out different variables which are helpful for managers whose job is to strategise these efforts to provide employees with the resources and rewards to excel in their jobs and to know and manage their career expectations.

Based on the analysis the researcher interpreted the data collected and arrived at the major findings which are grouped under each Hypothesis as under:

- Attributes intrinsic and extrinsic to job in attracting talent.
- Retention Strategies and to whom they are aimed at
- The Managers who face the challenge of employee retention
- Brand Image of organisation, Career progression employees and Communication as major consideration for employees’ joining or leaving organisation
- Leadership style that makes employees to stick and tick
- Ill effects of attrition

Recommendations are made for attracting talent, for retention and with respect to attrition of talent apart from General recommendations.
The challenge for future research is to develop a competency model that identifies specific tasks and behaviours that manifest the competencies which have been identified, describes the interrelationships among the competencies, and theorizes the antecedents and consequences of the competencies. For managerial application, the competency model will also need to incorporate the MAMP (Manufacturing, Assembly and/or Material Processing) organization’s mission, strategy and culture. After development of a framework, the next step would be the examination of current practices against the proposed framework by training and development personnel.

The results of this study indicate that in order to be effective, MAMP managers must possess a unique balance of interpersonal and leadership skills that are commonly associated with managers in general, as well as a significant depth of technical knowledge and skills about engineering, design, manufacturing, and operations. The implications for this are twofold. First, it is not enough for management candidates to have technical knowledge about manufacturing; they must also possess knowledge, skills, and values corresponding to interpersonal leadership competencies. The study also suggests that candidates who have been successful managers outside the MAMP domain may not have the technical competencies necessary to manage the challenges in a manufacturing organisation. The development challenge for MAMP managers will be integrating the organisational leadership competencies identified in this study along with the responsiveness, planning, and technical foundation competencies that are often already established in non-management positions. As technology and globalisation continue to change the competitive landscape, organisations will increasingly rely upon MAMP managers with the proper balance of technical and interpersonal leadership competencies to lead their firms.
CHAPTER 1

INTRODUCTION
Introduction

1 INTRODUCTION

1.1 INTRODUCTION

‘Talent’ in general terms refers to the capabilities, skills or the art, a person possess in a particular field. It also refers to those people who have high potential, scarce knowledge and skill or who can successfully bring about transformation and change in the organisation. Such individuals are usually sought after in the market and their contributions to the business add direct value to its strategic or competitive positioning.

Talent management as a term emerged in the 1990s to incorporate developments in Human Resource Management which placed more of an emphasis on the management of human resources or talent. The HR professional or department that excels, not only solves specific business problems today, but also delivers the ability to address broader, more universal strategic challenges as well—thus building a solid foundation for tomorrow’s success. A solution must have the scope to handle widespread business problems and encompass new business partners, corporate mergers, new markets, new technologies and more.

The term was coined by David Watkins of Softscape published in an article in 1998; however the connection between human resource development and organisational effectiveness had been established since the 1970s. Talent management is part of the Evolution of Talent Measurement Technologies.

Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent, including the following:

- Sourcing, attracting, recruiting and inducting qualified candidates with competitive backgrounds
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- Managing and defining competitive salaries
- Training and Development opportunities
- Performance Management processes
- Retention programs
- Promotion

None of these are new to age old Personnel Management, nor the recent HRM practices. Then what is new in Talent Management? In the past all these were done as a matter of routine in silos without having any connect with each other. But Talent Management concept emphasises on the integration of all these activities of HR Department in alignment with the business strategy.

1.2 CONCEPTUAL FRAMEWORK OF TALENT MANAGEMENT

In today's global business environment, talent becomes the potentially powerful source of competitive advantage. Talent management is the fundamental building block in creating an organisation that is capable of learning, innovating and changing, as well as executing new processes. Finding, acquiring and retaining the right talent complemented by correct management and support are necessary for sustainable competitiveness.

Employees in any organisation can be differentiated as A, B, C, and D players in any organisation. A-players are the most valuable employees who have to be offered the highest development and feedback. B-players are the technical expert who should be developed in interpersonal skills and encouraged to work in group assignments. C-players are strong team players who need to be given hard goals and monitored carefully. With D-players there should be a clear path to separation.
1.2.1 Definition of Talent Management

A year-long study of 77 companies from a variety of industries and nearly 6000 managers and executives, supplemented by case studies of 20 companies widely regarded as being rich in talent was the base for McKinsey’s research in 1998. This study concluded that the most important corporate resource over the next 20 years would be smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. When published, McKinsey's study heralded a corporate sea change—“The Old Reality” (people need companies) replaced by “The New Reality” (companies need people) — people, not machines, capital or geography, becoming the new source of competitive advantage. The resultant “war for talent” arose from demographic trends creating scarcity, exacerbated by the state of human resource and talent management. The survey also showed a majority of companies with insufficient and sometimes chronic talent shortages. In the “New Reality,” jobs are present even in down times but talent is always scarce. McKinsey predicted that future demand for talent would increase and supply decrease, thus making the search for the best and brightest a constant and costly battle. (Chambers, E., et al, 1998).

According to McKinsey, talent is … “the sum of a person's abilities… his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow”. (Michaels, E., et al, 2001) Bradford Smart defines talent as “A players [that] are the top 10% of talent available in all salary levels, best of class.” (Smart, B., 2005). Robertson and Abbey also focus on the best and the brightest (Robertson, A., Abbey, G., 2003).

In many organisations, however, talent has become a synonym for the entire workforce and a large number of companies do not even know how to define talent. David Ulrich, HR guru
takes a holistic view with his formula defining talent: talent = competence + commitment + contribution (Ulrich, D., 2006). In his formulation, competence means that individuals have the knowledge, skills and values that are required for today and tomorrow. Commitment means that employees work hard, put the time in to do what they are asked to do, giving their discretionary energy to the firm’s success. Contribution means that they are making a real contribution through their work — finding meaning and purpose in their work.

Organisations that earnestly desire to have competitive advantage must address talent management issues. Talent management is difficult to define because it is a complex undertaking that operates within the strategic human resource management. It requires HR managers and their associates to understand how they define talent, who they consider as ‘the talented’ and what their background might be. It also requires clarifying whether such recruits should be seen as particularly gifted. Talent can be considered as a complex amalgam of employees’ skills, knowledge, cognitive ability and potential. Employees’ values and work preferences are also of major importance.

Kaye Thorne and Andy Pellant (2007) explain what talent management is and how it works: “We would prefer to call it ‘talent development’, as it is actually quite difficult to manage talent. Talent slips and rolls around an organisation and often before one realises it, it leaves the organisation.

Organisations often try to set-up talent management processes, but real success comes when they engage with the hearts and minds of individuals. The organisations that achieve most success with this are those where the visions and values of the organisation are aligned with the individual.
Fundamentally, talent development needs attention to make it happen. It also needs a holistic approach, like customer service, quality standards, and health and safety. One person cannot just be given the responsibility and expect that it will happen. There has to be a belief and a commitment to make it happen from the CEO and the executive right through line management to the newest recruit.

Organisations can convince themselves that talent management is being carried out when they create a system to define the steps or outline a process to manage talent. However, Talent Development only happens when you create a culture based on shared values and beliefs, where thinking and feeling emotions are engaged and the leadership demonstrates its commitment through its behaviours and attitudes.

Individuals joining an organisation need to feel that they are valued and that their contribution will make a difference. It is easy to say that this is happening, but far harder to have concrete evidence of its application. In any discussion about talent development, it is important first to emphasise the development of all individuals. No organisation should focus all its attention on developing only part of its human capital. What is important, however, is recognising the needs of different individuals within its community.

In the search for an effective process for developing talent, most organisations recognise the need to do it differently. The challenge is often to identify how and where to start.

People are talented in many ways. Some may have a particular aptitude for doing something which may be primarily skill based. Others may be gifted artistically and yet others may
demonstrate their talent in more courageous ways and may be seen as maverick in their approach to life.” (Kaye Thorne and Andy Pellant)

1.2.1.1 Talented People and their Characteristics

Highly talented people have very different values and motivation from the majority of people. More is expected from them, and they expect more in return, often have a significant impact, and high cost. Their thinking is different and faster. They become bored easily. And they prefer different types of challenges. They can deal with more complexity, but are more complex in themselves (Robertson and Abbey, 2003).

Therefore, these people must be managed in non-traditional perspective. The employer-employee relationship or the manager-employee relationship in this perspective is clarified by Steve Jobs, Founder of Apple Computer: "it doesn't make sense to hire smart people and then tell them what to do; we hire smart people, so they can tell us what to do" (Baker, 2006).

The term talent management refers to the strategic management of the flow of talent through an organisation. The purpose of talent management is to ensure availability of adequate supply of talent to align the right people with the right jobs at the right time based on strategic business objectives (Duttagupta, 2007). Therefore, the talent management is not just an HR activity, but it is a mindset that goes towards a holistic and integrated approach to maximize the competitive advantage through people.

Talent management is a complex collection of connected HR processes that delivers a simple fundamental benefit for any organisation. It is the systematic attraction, identification, development, engagement/retention and deployment of those individuals who are of
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particular value to an organisation, either in view of their ‘high potential’ for the future or because they are fulfilling business/operation-critical roles.

There is no shortage of definitions for this term, used by corporate leadership the world over. With a nod to other points of view, DDI defines talent management as a mission critical process that ensures organisations have the quantity and quality of people in place to meet their current and future business priorities. The process covers all key aspects of an employee’s “life cycle:” selection, development, succession and performance management.

Key components of a highly effective talent management process include:

1. A clear understanding of the organisation’s current and future business strategies.
2. Identification of the key gaps between the talent in place and the talent required to drive business success.
3. A sound talent management plan designed to close the talent gaps. It should also be integrated with strategic and business plans.
4. Accurate hiring and promotion decisions.
5. Connection of individual and team goals to corporate goals, and providing clear expectations and feedback to manage performance.
6. Development of talent to enhance performance in current positions as well as readiness for transition to the next level.
7. A focus not just on the talent strategy itself, but the elements required for successful execution.
8. Business impact and workforce effectiveness measurement during and after implementation.
These definitions underline the importance of recognising that it is not enough to just attract individuals with high potential. Developing, managing and retaining those individuals as part of a planned strategy for talent is equally important, as is adopting systems to measure the return on this investment. More organisations are also now broadening their definitions, looking at the ‘talents’ of all their staff and working on ways to develop their strengths.

Many practitioners and authors have recognised the insufficient role of HR practices in the new era which is characterised by rapid globalisation and high competitive environment (Budhwar and Debtah, 2008). The new business' environment needs to be changed from HR traditional practices to strategic Human Resources Management (SHRM) which is "the pattern of planned Human Resources deployment and activities intended to enable an organisation to achieve its goals (Yuengo and Minglau and Foley, 2008).

According to this definition, one can recognise that SHRM is a strategy that aims to accomplish the organisational goals, through the work-force, and this strategy is closely consistent with the organisation's whole strategy, and its practices are consistent with each other and with the organisational strategic goals, organisational efficiency and the performance will be enhanced.

1.2.2 What goes into Talent Management?

An integrated talent management framework can be defined as a secure, single-platform, workflow-driven system that leverages a single data model and is inclusive of the core HR system of record and all talent processes. Integrated talent management—because it is by nature integrated—equips organisations with a broad range of functional and decision-making capabilities for strategically handling today’s and tomorrow’s business issues within
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a consistent, end-to-end framework. The system empowers the organisation with insight, agility, efficiency and consistency in talent management.

In the wake of globalisation organisations must confront diversity issues, work-life considerations, demographic parameters and other issues that impact on the composition and requirements of the workforce. In today’s talent-hungry market, to attract, assess, train and retain talented employees is the one of the greatest challenges organisations are facing. Talent Management embraces the entire process of Planning, Recruiting, Developing, Managing and Compensating employees all through the organisation. Having realised the need for talent management organisations are now turning their attention to develop and retain the existing talent in their organisation rather than acquiring a new talent, because the cost of identifying, developing and retaining talent internally seems to be more cost-effective instead of replacing the lost talent from external market. It may appear at the beginning that in the process of retaining existing talent one is spending more in terms of increased wages, rewards and recognition. But apart from higher cost of acquiring the new talent, organisations have to face initial hiccups of these new employees getting acclimatised with the culture of the organisations, oriented to their goals and aligned to their strategies.

There are also questions to be answered when considering a talent management programme. For example, should talent management be focused exclusively on an elite subgroup of future leaders of the organisation or at least those capable of progressing through a number of levels? The ‘exclusive’ mode of talent management is characterised by a concentration on those in one or two segments (or talent ‘pools’) of the workforce who are either at the top or who are identified as having the potential to get to the top by demonstrating high levels of
potential or performance. If operating in this mode, there needs to be clarity about what it is that makes ‘an exceptional manager’.

1.3 HISTORY OF TALENT MANAGEMENT

As seen earlier Talent management is a term that emerged in the 1990s to incorporate developments in Human Resources Management which placed more of an emphasis on the management of human resources or talent. Though the term was coined by David Watkins of Softscape (David Watkins, 1998), the connection between human resource development and organizational effectiveness had been established since the 1970s (Schein, 1977). Talent management is part of the Evolution of Talent Measurement Technologies.

The issue with many companies today is that their organisations 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 organisation. 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 organisational objectives. (Matthew Guthridge, Asmus B. Komm, and Emily Lawson, 2006) Companies that focus on developing their talent integrate plans and processes to track and manage their employee talent, including the following:

- Sourcing, attracting, recruiting and on-boarding qualified candidates with competitive backgrounds
- Managing and defining competitive salaries
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- Training and development opportunities
- Performance management processes
- Retention programs
- Promotion and transitioning (Amy Hengst, 2007)

The talent management strategy may be supported by technology such as HRIS (HR Information Systems) or HRMS (HR Management Systems). Modern techniques also use Competency-based management methodologies to capture and utilise competencies appropriate to strategically drive an organisation's long term plans.

Companies that engage in talent management (Human Capital Management) are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organisation. Research done on the value of such systems implemented within companies consistently uncovers benefits in these critical economic areas: revenue, customer satisfaction, quality, productivity, cost, cycle time, and market capitalisation. (Darin Philips, 2002) (Douglas McMillan, 2008)

The mindset of this, more personal human resources approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention.

The major aspects of talent management practiced within an organisation must consistently include: (Josh Bersin, 2008)

- Performance management
- Leadership development
- Workforce planning/identifying talent gaps
From a talent management standpoint, employee evaluations concern two major areas of measurement: performance and potential. Current employee performance within a specific job has always been a standard evaluation measurement tool of the profitability of an employee. However, talent management also seeks to focus on an employee’s potential, meaning an employee’s future performance, if given the proper development of skills and increased responsibility.

This term "talent management" is usually associated with competency-based management. Talent management decisions are often driven by a set of organizational core competencies as well as position-specific competencies. The competency set may include knowledge, skills, experience, and personal traits (demonstrated through defined behaviours). Older competency models might also contain attributes that rarely predict success (e.g. education, tenure, and diversity factors that are illegal to consider in relation to job performance in many countries, and unethical within organisations). New techniques involve creating a Competency Architecture for the organisation that includes a Competency dictionary to hold the competencies in order to build job descriptions.

A talent marketplace is an employee training and development strategy that is set in place within an organisation. 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’
particular 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. (Lowell L. Bryan, Claudia I. Joyce, and Leigh M. Weiss, 2006)
Internal development was the norm back in the 1950s, and every management development
practice that seems novel today was commonplace in those years – from executive coaching
to 360-degree feedback to job rotation to high-potential programs.

Except at a few very large firms, internal talent development collapsed in the 1970s because
it could not address the increasing uncertainties of the marketplace. Business forecasting had
failed to predict the economic downturn in that decade, and talent pipelines continued to
churn under outdated assumptions of growth. The excess supply of managers, combined with
no-layoff policies for white-collar workers, fed corporate bloat. The steep recession of the
early 1980s then led to white-collar layoffs and the demise of lifetime employment, as
restructuring cut layers of hierarchy and eliminated many practices and staffs that developed
talent. After all, if the priority was to cut positions, particularly in middle management, why
maintain the programs designed to fill the ranks?

The older companies like PepsiCo and GE that still invested in development became known
as “academy companies”: breeding grounds for talent simply by maintaining some of the
practices that nearly all corporations had followed in the past. A number of such companies
managed to ride out the restructurings of the 1980s with their programs intact only to
succumb to cost-cutting pressures later on. The problems faced by Unilever’s Indian
operations after 2000 are a case in point. Known as a model employer and talent developer
since the 1950s, the organisation suddenly found itself top-heavy and stuck when business
declined after the 2001 recession. Its well-oiled pipeline saddled the company with 1,400 well-trained managers in 2004, up 27% from 2000, despite the fact that the demand for managers had fallen. Unilever’s implicit promise to avoid layoffs meant the company had to find places for them in its other international operations or buy them out. The alternative to traditional development, outside hiring, worked like a charm through the early 1990s, in large measure because organisations were drawing on the big pool of laid-off talent. As the economy continued to grow, however, companies increasingly recruited talent away from their competitors, creating retention problems.

Watching the fruits of their labours walk out the door, employers backed even further away from investments in development. A CEO in the medical device industry referring to a management development programme proposed by his head of human resources dismissed the proposal by saying, “Why should we develop people when our competitors are willing to do it for us?” (Peter Cappelli, 2008)

By the mid-1990s, virtually every major corporation asserted the goal of getting better at recruiting talent away from competitors while also getting better at retaining its own talent—a hopeful dream at the individual level, impossibility in the aggregate. Outside hiring hit its inevitable limit by the end of the 1990s, after the longest economic expansion in U.S. history absorbed the supply of available talent. Companies found they were attracting experienced candidates and losing experienced employees to competitors at the same rate. Outside searches became increasingly expensive, particularly when they involved head-hunters, and the newcomers blocked prospects for internal promotions, aggravating retention problems. The challenge of attracting and retaining the right people went to the very top of the list of executives’ business concerns, where it remains today.
Most companies are facing the challenge with a pretty clean slate: Little in the way of talent management is actually going on in them. One recent study, for example, reports that two-thirds of U.S. employers are doing no workforce planning of any kind. But what the advice companies are getting is to return to the practices of the 1950s and create long-term succession plans that attempt to map out careers years into the future – even though the stable business environment and talent pipelines in which such practices were born no longer exist.

Traditional approaches to succession planning assume a multiyear development process, yet during that period, strategies, org charts, and management teams will certainly change, and the groomed successors may well leave anyway. When an important vacancy occurs, it is not unusual for companies to conclude that the candidates identified by the succession plan no longer meet the needs of the job, and they look outside. Such an outcome is worse in several ways than having no plan. First, the candidates feel betrayed – succession plans create an implicit promise. Second, investments in developing these candidates are essentially wasted. Third, most companies now have to update their succession plans every year as jobs change and individuals leave, wasting tremendous amounts of time and energy. As a practical matter, a “plan” is of no use, if it has to be changed every year.

Talent management is not an end in itself. It is not about developing employees or creating succession plans, nor is it about achieving specific turnover rates or any other tactical outcome. It exists to support the organisation’s overall objectives, which in business essentially amount to making money. Making money requires an understanding of the costs as well as the benefits associated with talent management choices. The costs inherent to the organisational development model were largely irrelevant in the 1950s because, in an era of lifetime employment and a culture in which job-hopping was considered a sign of failure,
companies that did not develop talent in-house would not have any at all. Development practices, such as rotational job assignments, were so deeply embedded that their costs were rarely questioned (though internal accounting systems were so poor that it would have been difficult to assess the costs in any case). That is no longer true.

Today’s rapid-fire changes in customers’ demands and competitors’ offerings, executive turnover that can easily run to 10%, and increased pressure to show a financial return for every set of business practices make the develop-from-within approach too slow and risky. And yet the hire-from-without models are too expensive and disruptive to the organisation. (Peter Cappelli, 2008)

1.3.1 Current Application of Talent Management

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 optimising the performance of each employee and the organisation. Selection offers a large return on investments. Job analysis and assessment validation help enhance the predictive power of selection tools. However, within many companies, the concept of human capital management has just begun to develop. “In fact, only 5 percent of organisations say they have a clear talent management strategy and operational programs in place today.” (Josh Bersin. 2008)

1.3.2 Talent Review

To develop a clear talent management strategy and to increase awareness of available talent and successors, all organisations should conduct regular Talent Review meetings to be prepared for a variety of business changes, such as mergers, company growth, or a decrease
in talent needs. In the same way that all companies have regular meetings and reports regarding their financial status and budgetary needs, the Talent Review meeting is designed to review the current talent status and future successor needs in the organisation.

The Talent Review meeting is an important part of the overall talent management process; it is designed to review the performance and career potential of employees, to discuss possible vacancy risks of current employees, to identify successors and top talent in the organisation, and to create development action plans to prepare employees for future roles in the organisation. "This is what talent management is all about — gathering information about talent, analysing their career interests and organisational business needs, identifying top talent and successes, and developing these individuals to reduce the risk of losing the best people and experiencing extensive leadership gaps when turnover occurs." (Sims, Doris, 2009)

1.4 EVOLUTION OF TALENT MANAGEMENT IN INDIA

Since the term was first coined more than 20 years ago, Talent Management has become the call to action for a more consultative, knowledge-based role by human resources in overall business management. The premise was simple: Talent management enabled companies to focus not only on attracting the best people, which they had always done in a competitive marketplace, but also on retaining them as well as developing existing staff.

In other words, talent management from a technological perspective provides companies the opportunity to have the best staff on hand to respond to business needs. But two of the variables are always in flux and result in a constant re-evaluation of the talent management premise. First, technology: The capabilities we have today and those we can expect in the next few years have dramatically expanded the range of possibilities. Secondly, and more
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importantly, the past 20 years have seen dramatic change in business circumstances and a corresponding evolution in the roles of business managers and talent managers.

A new era is upon business: the human age. Previous eras were defined first by the raw materials that transformed them: stone, iron and bronze. Then they were characterised by the domains people conquered with technology: industry, space and information. Now, human potential will be the catalyst for change and the global force driving economic, political and social developments. Talentism is the new capitalism.

Workforce demands and composition are shifting in response to economic, social and demographic trends. The need for more specific skills is creating a growing talent mismatch and scarcity of leadership talent. Multiple generations and cultures in the workplace have resulted in changes in motivations and preferences, which impact individual choice. Technological developments allow new ways of getting work done. These trends have created workforce and workplace dynamics that make it more challenging to identify, access and manage talent.

Despite their varied implications, these trends revolve around one central theme - the need to empower the right people, in the right places, in the right ways to create business impact. This requires a sustained commitment to, and a strategic investment in, talent, and an alignment of talent strategy with business goals.

Today, Talent Management is enabled by more than an administrative point solution. In its best incarnation, it positively impacts and influences all aspects of an organisation’s operations. Companies have much to gain from shifting Talent Management away from core
human resource functions and empowering business roles to design more capable and efficient workforces that meet tomorrow’s needs. But a review of the technological evolution, and the business changes happening in tandem, is important to guide our choices.

1.4.1 Founding Talent Management

Part of the challenge of understanding the evolution of talent management lies in defining the term. “Talent management” has become a blanket term that applies to a broad range of capabilities, but not one of those capabilities, taken alone, defines it entirely.

Talent management involves a variety of strategic functions: engagement, on-boarding, performance and compensation management, among other administrative workforce management functions. On a daily basis, talent leaders respond to an enormous volume of demand, and technology companies helped manage it with talent management solutions. That variety of tasks defined the technology approach, and the result was best-of-breed point solutions for these capabilities, which talent leaders adopted in response to each specific need.

As a result, talent managers found themselves at the center of a tangle, a broad range of disparate, occasionally integrated systems serving niche talent purposes. “Talent management” had become an umbrella term for solutions that addressed a specific need, without necessarily enabling comprehensive talent processes. This technological challenge coincided with a business challenge of epic proportions. The economic downturn and subsequent workforce reductions have made identifying and leveraging the best talent within an organisation — rather than securing it from outside — the key to organisational
performance. With that challenge came opportunity: What had traditionally been perceived as a talent requirement now began to migrate toward a more central business planning function. This perceived migration has impacted how talent management systems are defined and what functions they are expected to perform. First, where previously point solutions managed by talent leaders were an acceptable option, companies now recognise the need for systems integrated with an overall technology infrastructure overseen by talent managers. Second, to effectively manage an organisation’s workforce, a core system of record is needed to enable not only administrative tasks, but also to get the holistic views that identify an individual’s talent attributes. Companies are beginning to recognise the value of integrated core systems that can manage the entire talent management cycle — from talent engagement to performance management through succession planning.

### 1.4.2 An Evolutionary Environment

The migration of talent management from essentially a human resources function to a key centrepiece of overall business management is underway and brings a series of changes to people and their roles as well as the systems that support them.

Talent management used to be performance management focused. It was about bringing in the right people and measuring them against job requirements. During a strong economy, this was acceptable. In a down or slow economy, however, it is critical not only to have the right talent in the right positions, but also to identify performance gaps within the organisation and to retain top-performing individuals while broadening the abilities of the whole workforce.

Companies recognise that without formal development processes supported by strategic talent management processes, growth opportunities are limited and skill at the managerial and
leadership levels becomes ineffective. Therefore, this shift away from strictly a human resource function to a more integrated, organisation-wide talent management function requires talent leaders to assume a more consultative, strategic adviser role in which they help business leaders assess talent and identify where skills and ability gaps exist. As a result, learning and development has emerged as an essential talent management element, and business leaders now rely on talent managers to provide critical resource development.

This environment of change — where talent management is a key concern for senior business leaders — also shifts the initiation and the execution of purchasing decisions to those leaders and favours more integrated talent management solutions that support overall strategic directions over disparate, incremental system purchases.

A core challenge of the integrated system, though, is that while it enables Talent Management to be handled well at the business level, business managers and executives cannot recognise its value if they are unable to share critical commonalities, such as organisation or supervisory structure, or benefit from industry-wide best practices.

The evolution of Talent Management from a point solution to an integrated and strategic management role won’t stop here. Because these capabilities — talent engagement, goal and compensation management, and learning and development — build upon and reinforce one another. Talent leaders, line managers and executives alike view the integrated suite as a valuable provider of a single source of reference for workforce planning. However, more mature and integrated talent management operations will help companies reach higher potential. And as such, the future of talent management will continue to use talent leaders as
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strategic business consultants, and purchasing decisions will continue to migrate further up in the business organisation.

1.4.3 A Cloudy yet Bright Future

As far as Talent Management technology is concerned, the popular view is that the future is cloudy. Although not in full deployment yet, the potential of cloud computing will provide talent management and many other technologies with tremendous capability. Interestingly, what is seen as the primary effect will align nicely with what has been described thus far: the progression of talent management systems from specialised human resource tools to user-focused business tools.

Where, building the kind of integrated systems that modern talent management requires used to involve time-consuming back-end data and application integration, the promise of the cloud is that much data integration can move to the user interaction level — where it really matters. Thus, the cloud has the potential to accelerate a shift away from the back end toward the user — so the line managers, individual employees and other organizational functions become responsible for maintaining profiles, updating experiences, reporting and playing an integral role in talent management.

New innovations that rapidly can be deployed in the cloud may encourage a deeper focus on how users interact with the solutions. Adoption is hindered by poor usability, so when users are enabled to develop workspaces that meet their individual needs — such as graphical versus spreadsheet views — the intersection between their roles and the overall corporate goal is clearer.
That increased focus on the user and business goals will usher in a new era of talent management, one where technology enables the function to address elements that are not only knowledge, skill or ability based, but also cultural and psychological. It also allows managers to evaluate performance based on captured experiences, which is more predictive of an employee’s flexibility and adaptability.

Perhaps most important, cloud-based talent management can offer users cost-effective and flexible ways to deploy their now richer view of talent within an operational area and across a company. Time-bound “rental” of a working environment frees organisations from costly infrastructure investments as they emerge from a period of economic recovery. These cloud options may even change the landscape of solution purchasing. Time will tell.

1.4.4 Four Stages of Evolution

Talent management tools are rapidly maturing through four stages of evolution:

Stage 1: Companies have automated core HR systems with a group of manual and disparate Human Capital Management (HCM) systems and processes.

Stage 2: Organisations begin to automate some of their HCM processes.

Stage 3: HCM systems are being integrated and talent management suites are forming.

Stage 4: Delivers a truly unified platform of talent management and application delivery.

Stage 1: Core HR Systems and Manual HCM Processes

In the early stages of managing human capital, HR functions are very tactical, focusing on employee record-keeping and payroll-processing. The lack of enterprise-wide HCM applications or integrated HR business processes prevents companies from having the tools necessary to properly manage their human capital assets. In Stage 1, HR and/or recruiters
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typically wait for requisitions to be created rather than help plan or anticipate the company’s human capital needs. More progressive companies may engage in some workforce planning, but it is based on predictions from the past and assumes talent will be readily available. Since HCM processes are manual, forecasting future workforce requirements is problematic. Performance management in Stage 1 is typically also a manual process. Therefore, strategies to align and manage employee goals with corporate goals are very difficult. Reporting is focused on HR record-keeping.

Stage 2: HCM Processes are automated
In Stage 2, HCM applications automate processes such as recruitment and performance management. These processes had been paper-intensive, extremely expensive to administer, and largely inefficient. The goal in this stage is cost savings through process automation. The application architecture evolved into silos of separate applications that work independently. The user interface is a functional one, often simply translating an offline form into an online form.

As companies move from Stage 1 to Stage 2, many IT departments and HR professionals are still consumed with large scale implementation of core HR systems. Over a third of the funding and much of the drive to purchase HCM applications is driven from Line of Business Managers. They look for best in class applications to solve very specific problems. Often they choose multiple solutions from multiple vendors. These applications may provide a depth of functionality within their disciplines, but in this stage these applications are not integrated. Even enlightened HR professionals, who try to execute a more holistic HCM strategy in this stage, are faced with compartmentalised applications that are uncoordinated and lack integration.
**Stage 3: Integrated HCM Processes and Talent Management Suites**

In Stage 3, companies begin to manage human capital more holistically. Additional HCM processes—such as onboarding, competency management, career development, and succession planning—are automated. The requirement to have these systems talk to each other drives increased integration of HCM applications using HR-XML standards—creating a common way to communicate.

In this stage, HCM systems also take advantage of Internet technology to extend applications for easier access to managers, employees, and prospective candidates through portals. The focus on ease of use, with the advent of Web 2.0 functionality, creates increased adoption of the applications. At the same time, a new software delivery option is commonly available. With the advent of software as a service (SaaS), HR and Line Managers can relieve IT of the burden of implementing and maintaining these systems.

Companies in Stage 3 have a tendency to create a portfolio of multiple vendor applications with no single system of record for managing talent. Hence, they sub-optimize the return of their investments.

Integrated applications may increase value to the business. Cedar Crestone’s 2007-2008 HR System Survey found companies with higher levels of integration have 38 percent higher operating income growth.

At Stage 3, companies increasingly turned to application providers to offer a group of HCM applications. This new grouping of HCM applications became known as Talent Management...
Suites. Many best of breed providers acquired and loosely coupled additional applications. However, information was contained in multiple places, with some requiring multiple inputs and lacking single sign on. Companies that wish to reach Stage 4 in the Talent Management Maturity Model require a comprehensive view of talent and applications built to unify their talent management functions.

**Stage 4: Unified Talent Management Systems and Processes**

Stage 4 marks the beginning of the future state for talent management. This is the stage where companies will implement a unified set of talent management and business processes and organisations will fully align and drive talent strategies based on corporate objectives.

**1.4.5 Future State of Talent Management**

The future state of talent management begins at Stage 4. In this stage, applications and processes are designed with the goal of driving business performance through a unified view of talent assessments. The aim is to achieve business goals with an eye to finding and filling talent gaps. This requires a very different type of application architecture with five core attributes:

1. **Unified Database and Architecture.** All aspects of talent are unified into one talent database with one application architecture.

2. **Designed for Social Networking.** Social networking orientation in design and delivery of the applications extends reach and enhances collaboration and innovation.

3. **Personalisation.** Configurability allows user personalisation of the system while maintaining compliance.

4. **Predictive Measurements.** The user interface is even more intuitive and personalised with extensive use of Web 2.0 across the suite.
Driving Business Goals with Talent Management. The predictive nature of employee performance measurement and alignment of goals drives increased business performance.

Beyond Stage 4 the four pillars of talent management will include:

1. Digitized global talent pools
2. Predictive succession and career planning
3. Use of simulations and gaming for workforce development
4. Orchestration between business and talent management strategies and systems

1.5 MANUFACTURING INDUSTRIES IN GENERAL

There is an interesting finding in the USA which states that the youth upon their graduation (in general or specific stream) prefer to be employed in the following pattern:

- 25% management consulting.
- 15% investment banking.
- 4% engineering and manufacturing

And of the small number that is interested in automotive careers, 57% said they didn’t expect to stay with their first employer longer than five years.

This seeming disdain for manufacturing is not unique to the US. It is a worldwide problem. According to one European survey, only 8% of university graduates there aspire to careers in engineering or manufacturing.

One of the reasons the industry is so affected by this talent shortage is, in part, a result of the shift in societal values. The economy today is rewarding “ideas” the way it once rewarded the
production of things. This is not a bad thing, obviously. It has come so quickly and extensively without any room for preparation to be ready to face this onslaught.

1.5.1 Research Findings of Manufacturing Industry in India

Studies conducted on the manufacturing industry have concluded that India has a working population of 75%. Out of this, only 600 million have acquired education till middle school. Due to this reason, the manufacturing industry in India, which is labour intensive, can provide the requisite number of employment units in the country. Studies have indicated that the productivity of the manufacturing industry in India is approximately 1/5th of the productivity in the manufacturing industry of United States of America. It is about ½ as compared to the productivity levels in South Korea as well as Taiwan. Labour productivity has escalated only to a small extent in case of India in comparison to United States of America. On the contrary, labour productivity has increased manifold in countries like Taiwan and Korea.

1.5.2 Manufacturing industry in India and exports

Exports of manufactured goods in India accounted for 75% in comparison to exports of manufactured goods all over the world. Owing to the performance manifested by the export sector in India, the scenario indicates that there is less competition in the manufacturing segment. Absence of competition is also established by the fact that in spite of reducing the tariff in the early and mid 90s, India continued to be one of the protected economies of the world. Contribution of India's export towards international market grew from 0.5% to 0.7% during 1990 to 2000. During the same period, Malaysia, China, Thailand and South Korea, registered almost double increase in exports.
The combination of rocketing domestic demand and the multinationals’ desire to diversify their manufacturing footprint offers Indian product makers a once-in-a-generation opportunity to emerge from the shadow of the country’s services sector. By improving their productivity and bolstering operations, they could become an engine of economic prosperity for the whole country.

Manufacturing industry consists of a gamut of agricultural products, automobile, chemical, pharmaceutical, electronic, engineering, textile, and other industries. Manufacturing industry, though, was the target for the study, considering engineering industry occupying the prime of place in manufacture and the automobile industry hogging the lime light at present, the scope of the present study is well within these two industries. Further, the scope has been restricted to the geographical area in and around Chennai with the information got from the 2009 member directory of CII. Within this geographic and the directory constraints there are not many non engineering companies for the researcher to take all the manufacturing organizations into the research. Hence the following two sections introduce the automobile and engineering industries respectively.

1.6 AUTOMOBILE INDUSTRY IN INDIA
The auto industry is one of the greatest consumers and producers of new technology. Microchips control nearly all systems on today’s vehicles. They provide the logic behind the proper operation of such functions as emission controls and fuel management, anti-lock brakes, airbags, dynamics and ride control, sound systems, cruise control and on and on.

What India lacks in infrastructure it makes up for in engineering talent and resourceful enthusiasm.
As one drives through the streets of any Indian city, the 'progress map' of India's automotive industry is almost laid out in moving sculpture on the roads. Bicycles and overloaded motorbikes, often with a family of four aboard, wobble and dodge their way along rutted and potholed highways and tracks. Next up are the Bajaj three-wheeled auto rickshaws, then the 1950s Fiat-design Premier taxis, followed by a mix of Tatas, Maruti Suzukis, Mahindras and imported cars, as well as Indian-made and imported trucks.

These are roads lined with tiny repair shops, sometimes a single man sitting at the side of a dusty track with a tyre pump and some repair patches for the common tyre punctures caused by the rough roads and abundant debris.

If one takes a little deeper, however, one will discover the Indian culture of tremendous resourcefulness, of interest in machinery and equipment - something that translates into a burgeoning skilled and semi-skilled automotive workforce, keen to train and learn about modern manufacturing technology.

India has begun an ambitious development programme for its automotive industry, and hopes will make it a global production hub by 2016. The initiative, which is backed by both the government and by the existing automotive industry, relies on heavy investment both by domestic operators and non-Indian car companies. Many foreign firms are eager to participate in the likely profits to be derived both from the growth of the Indian market and from the development of India as a major producer and exporter of cars, motorcycles, commercial vehicles and automotive components.
1.6.1 Brief History of Automobile Industry in India

The history of automobile industry in India, though relatively slow, and yet increasingly rapid, can be briefly traced as follows:

**1940s**

An embryonic automotive industry emerges in India.

**1953**

Efforts to create a manufacturing industry to supply the automotive industry with components get underway, spearheaded by the Indian government and leading entrepreneurs.

**1970-1980**

India's automotive industry begins to grow relatively fast, fuelled by six automotive companies: Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobiles and Bajaj Auto. However, having a car is still seen as a luxury. This is at least partly because the sector's growth is held back by requirements or production licences and restrictions on both production within India and on imports.

**1980-1985**

Japanese manufacturers begin to sell motorcycle, car, and commercial vehicle in India, often in partnership with Indian firms.

Component manufacturers also enter into joint-venture agreements, with European and US firms. Exports start to grow.

**1985-1990**

The auto component sector, which had been protected by high import tariffs, squares up to competitors as the rules are changed. Maruti Udyog enters the passenger car segment. During the following years, Japanese manufacturers started selling motorcycles and light commercial vehicles.
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1990-1995
Economic liberalisation gets underway, allowing passenger car production without licences, though import restrictions remained in place. Hero Honda emerges as a major operator in the motorcycle market, while Maruti Udyog becomes the leading passenger carmaker.

1995 to 2000
International carmakers enter the Indian market, a trend that accelerates. Advanced technology is introduced to meet competitive pressures, and environmental and safety imperatives. Automobile companies start investing in service network to support maintenance of on-road vehicles. Auto financing emerges as an important driver for demand.
(Source: India's Ministry of Heavy industries & Public Enterprises Draft Automotive Mission Plan 2006-2016)

2000 to present
Liberalisation of the automotive industry gets underway, with the removal of many trade and investment restrictions.

Cars developed and produced entirely in India for both the domestic and exports markets emerge. Financial services firms begin to offer car loans, in cooperation with the car industry. Efficiency, capacity and environmental issues are identified, along with initiatives aimed at encouraging research and development to address such issues.

Chennai is looked up as the Detroit of India in as much as Coimbatore is being looked upon as the Manchester of India, because many well known foreign brands in automobile industries have set up shops in and around Chennai. This city has turned out to be an important hub for automobile/auto component manufacturers.
1.7 ENGINEERING INDUSTRY IN INDIA

Engineering is defined as the discipline of acquiring and applying technical, scientific, and mathematical knowledge to design and implement structures, machines, systems, and processes that safely realize a desired objective. It is a broad discipline which is often broken down into several sub-disciplines namely chemical, civil, electrical, and mechanical engineering. With the rapid advancement of technology many new fields are fast gaining prominence and new branches are developing such as aerospace engineering, biomedical engineering, genetic engineering, nuclear engineering and robotics etc.

The major end-user industries for heavy engineering goods are power, infrastructure, steel, petrochemicals, mining, railways, automobiles and textiles, etc. Meanwhile, light engineering goods are essentially used as inputs by the heavy engineering industry. Capacity creation in these end-user industries is driving growth of the engineering industry. Given the vastness of the field, the engineering industry has an enormous potential of creating new jobs.

The Engineering sector is the largest of all industrial sectors in India. The sector is relatively unfragmented at the top, where technological and capital requirements are high, but it is highly fragmented at the lower end.

1.7.1 Heavy and Light Engineering

The industry can be broadly divided into two segments; heavy engineering and light engineering. Heavy engineering goods such as capital good and equipment account for the bulk of domestic production and leading large players are mostly focused on this segment, producing high-value products using high-end technology. The light engineering goods segment in comparison is highly competitive and dominated by small players who typically
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manufacture lower-value added products such as castings and bearing etc. The largest players include Larsen & Toubro, ABB and BHEL.

### Table 1.1 Classification of the Engineering Sector in India

<table>
<thead>
<tr>
<th>Sub-segments</th>
<th>Number of Organised Players</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heavy Engineering Sector</strong></td>
<td></td>
</tr>
<tr>
<td>Cement Machinery</td>
<td>18</td>
</tr>
<tr>
<td>Sugar Machinery</td>
<td>27</td>
</tr>
<tr>
<td>Rubber Machinery</td>
<td>19</td>
</tr>
<tr>
<td>Metallurgical Machinery</td>
<td>39</td>
</tr>
<tr>
<td>Machine Tool</td>
<td>125</td>
</tr>
<tr>
<td>Material Handling Equipment</td>
<td>50</td>
</tr>
<tr>
<td>Mining Machinery</td>
<td>32</td>
</tr>
<tr>
<td>Dairy Machinery</td>
<td>16</td>
</tr>
<tr>
<td><strong>Light Engineering Sector</strong></td>
<td></td>
</tr>
<tr>
<td>Welded steel pipes &amp; tubes</td>
<td>123</td>
</tr>
<tr>
<td>Process Control Instrument</td>
<td>26</td>
</tr>
<tr>
<td>Antifriction Roller Bearing</td>
<td>19</td>
</tr>
<tr>
<td>Plain paper copier</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: [www.ddnb.co.in/engineering/overview](http://www.ddnb.co.in/engineering/overview)

The economic crisis in 2008, ensued a volatile year for the Indian engineering and capital goods industry. The credit crisis induced a liquidity crunch and adversely affected sentiment and growth in industries in general and manufacturing industries in particular. Though there has been a pickup in activities since March 2009, many companies still remain cautious in terms of making further capital investments until greater stability is achieved. The order books of most look robust and it is believed that the industry’s prospects are already on the ascendency.

India is increasingly being preferred by global companies as an outsourcing destination as it enjoys lower labour cost and better designing capabilities and as they recover from the crisis, international demand will push forward once more. Domestic demand growth in this sector is
being fuelled by increasing expenditure in core sectors such as railways, private sector investments and the rapid speed at which the projects are implemented. In addition, the government’s focus on investment and development in the power and infrastructure sectors is also having a strong impact.

For example, leading players ABB and BHEL derive 60%-75% of their revenues from supplying equipments to the power sector. And with the government planning to add large-scale generation capacities in the eleventh (2007-12) five-year plan, the potential seems huge for the engineering majors. Market leader L&T on the other hand has over 40% of its order book in 2009 accruing from the infrastructure sector. And with the focus on building roads, highways, airports etc, this opportunity seems massive as well.

Trained professionals with some relevant experience will have the option of working with any number of world-class companies in a range of functional and industrial silos. The job categories are primarily based on designing, manufacturing, packaging or selling engineering products while ancillary jobs include construction, building and mining, amongst others. Talented candidates can look for varied and long innings in this sector and expect to reap handsome rewards in both the medium and long-term.

(Source: info1.shine.com/Article/Engineering/Industry-Overview-Engineering/4446/cid93.aspx)

1.8 STATEMENT OF THE PROBLEM

After selecting Chennai and nearby areas as geographical focus for the research the researcher chose engineering and automobile industries as they embrace the major
manufacturing industries and since these two industries put together will represent 90% of the entire manufacturing industries in India.

With the growing shortage of able and capable manpower in these industries the problem for these industries lies in the attraction and retention of talent in these organizations. Hence it is a mandate to find out different variables which are helpful for managers whose job it is to strategise these efforts to provide employees with the resources and rewards to excel in their jobs and to know and manage their career expectations.

1.9 ORGANISATION OF THE THESIS

Chapter 1 INTRODUCTION

The chapter deals with the concept of talent management and traces the history and the evolution of this concept which is quite new, just a couple of decades old. In this chapter an overview of manufacturing in general and engineering and automobile industries in particular in Indian context is given.

Chapter 2 REVIEW OF LITERATURE

As it was pointed out earlier, being a nascent concept in the arena of Human Resource Management, not much has been researched on this subject. Yet there has been an attempt to gather in this chapter the ideas propounded by a few researchers and authors.

Chapter 3 RESEARCH METHODOLOGY

This chapter reveals the objectives of the research, research question and statements of hypotheses framed. A research plan indicating broad linking of objectives, supporting research questions/hypotheses and relevant statistical tools is explained here. The limitations of the research are also pointed out.
Methodology adopted in this research with specific details such as research design, sampling plan, preliminary study conducted with tests of reliability and content validity of the research instrument is highlighted in this chapter.

Chapter 4  ANALYSIS AND INTERPRETATION
This chapter analyses the data collected from the respondents and appropriate interpretations are drawn from the outcome to meet the research objectives. Necessary tables and charts are used.

Chapter 5  FINDINGS
The findings arrived at from the data analysis and related interpretations are gathered together in this chapter.

Chapter 6  RECOMMENDATIONS
A list of recommendations which are useful for the relevant industries, namely automobile and engineering industries in and around Chennai is given in this chapter.

Chapter 7  CONCLUSION
Closing observations of the researcher with possible scope of future research in the area of Talent Management are made in this chapter.