CHAPTER ONE
INTRODUCTION

Globalization has given young generation opportunities to employ them in choice organizations and facilitated in solution of unemployment problem in high talent professionals. India is second highest populated country in the world and young talent have witnessed their capability in the global market with ability, talent and securing their position in most competitive world market. The corporate and private sectors have expanded their activities in the country market and abroad. Specialization in any sphere of knowledge and ability to adjust in new positions has created problem of talent retention.

Young professionals after obtaining working experience in some reputed concern have options to work in other concerns with high remunerations, which they choose keeping in view of their prospects in existing organization or working in offered organizations. Liberalization, gradual decontrol, opening up of various sectors to multiplayer regime and enormous technological interventions have shifted the dynamics of labour market. The employee, as an internal customer, has now an all time expectations in view of alternative job opportunities. The industries have been overwhelmed with growing list of left-out employees, despite offering competitive remuneration across the board.

The corporate sector has been developed tremendously, though there is significant competition in every sphere from manufacturing to information technology sectors. Outsourcing in one of the sphere of technology, where the work of one country is carried out in another country and India is one of the global competitor in this sphere. All the business related activities are carried out by various corporate agencies with the help of their talented personnel able to carry out task in desired duration and to the entire satisfaction of the offering agency.

The communication sector has helped in establishing requisite linkages in terms of transportation of persons and goods, transfer of information through internet facilities and taking over non-performing companies etc. The country
Chapter -1: Introduction

government helps in creating conducive environment of industrialization and import and export of raw and finished materials. Liberalization is another aspect of functioning in other countries and allowing other countries to establish their sell or industries in country. Business groups of the country have established their work in other countries and obtained nationality of that country through such policy measures.

Money flow from one country to another is also new areas of capital formation through attractive interest rates and facilitation of people of Indian origin to transfer money into country for business and other requirements. Stock market has helped in meeting capital requirements of companies on the basis of their excellent performance reflected through annual and quarterly performance reports. In these competitive conditions, various companies perform excellent to raise their capital, output and profits, which are essential conditions of prosperity of business.

Some companies could not survive in such situation are taken over by another group, assessing the reasons of failures and revitalize such defunct or sick units. In all such spheres, entrepreneurship has significant role, which is based on result oriented talent and the head of the organization need to streamline total process of man and material management. Corporate sector works on excellent performance basis, where role of key players remain the decisive factor of good and bad performance. In total process, acquiring the talent is one issue, while extracting high performance is another issue and both these aspects are main issues.

For success of any corporate unit, human resource is key factor of rise and fall, where rise has no limit and fall has similarly no limit and both the issues are the end result of management capability of the company. Every business group has its human resource polity, which is base of unit and acquisition of superb talent and taking best use thereof is the theme of success. The issue of human resource management is most ticklish issue as acquiring superb talent is not the assured mode of success, but taking work from talent and avail high profits is most challenging task, as talent has superb liquidity of working and retention.
The talent has its emotions and capability to gain experience of varied degree from superb excellent to worst incapability. Talent of both types has their merits and demerits in terms of stability, where individual and management have their varied interests. Retaining worst talent is not the helplessness of any business group and getting rid of from such talent is immense necessity. On the other side the superb excellent talent has various options of continuance and shifting, as per available opportunities and offers from existing business group.

The personal management of government and corporate sector is most varied as government sector has stability but many barriers of reservations of various category persons, who remain unbothered for their performance. The corporate sector works for profit in most competitive market and no sentiments can be considered except of excellent performance or quit. Similar option remains with individual talent to avail opportunities to show performance in changed environment. The problem of corporate sector is retention of actual talent.

1.1 CENTRALITY OF THE PROBLEM:

In the conventional business system five components were treated comprising of land, labour, capital, organization and entrepreneurship and return on deployment into business of these components were rent for land, wages for labour, interest for capital, reputation of the business group for organization and profit for entrepreneurship. Keeping aside all other components of the business, talent management issue relate to the personnel getting wages or salaries and called human resource of the business sector, where all the personnel are deployed for various tasks.

Personnel are deployed in business group as per task requirement, where personnel management is most critical issue, as the retention or attrition is open to both the groups, i.e., the business management and the personnel. In the present times, personnel deployed in any business group are selected on most cautious manner and trained to manage the assigned task in result-oriented manner. Even in the most competitive market, the personnel are recruited and provided excellent salary, but recruitment and shifting remains regular feature.
Reduction in employees is resulted through retirement, resignation or death are the inherent factors, but these situations create vacuum in the business group and need to be replaced through new entrants or promotion from among the working personnel as the situation may be. Replacement of talented personnel remains problematic to each business group as personnel deployed at the crucial positions need cautious approach, as the personnel is expected to deliver equal or better performance for well being of business. In addition, expansion of business is regular feature to multiply profits in view of liberalized policies.

Talented manpower is treated as most important resource for an organization, which can transcribe better performance than envisaged. This aspect is most vital issue for business and accordingly the personnel management has been transformed to human resource management. The task of human resource management has become most important feature of business concerns, though the personnel engaged to handle the task remains quite limited, but their task of retention is most critical for prosperity of business for adherence of policies and minimizing attrition.

The competition and best performance are two inherent factors, as business is dependent on top performers to innovative measures to provide services by differentiating the company from its fierce competitors. The corporate groups have become more reliant upon human assets to survive and thrive. Unemployment in high talent sector is running at less than 6 percent and companies are struggling for retaining valued employees. Changing work force demographics and shrinking of most desired labour pool, as well as downsizing employees loyalty have compelled the corporate world to recruit and retain talented people.

Globalization and liberalization have changed the functional aspects of the business sector, as in earlier duration retaining talent was treated lesser important, where employees were expected to work hard, to remain loyal to management and work wholeheartedly for the prosperity of business. In return they were provided job security for life, residential facilities for family, regular enhancement in salary and good chances of promotion. In the changed environment, the recruitment and placement conditions have been changed considerably.
The employees recruited are expected to work hard and carry out work of other person left the job, as the person deployed is given better salary. The job security has not been ensured, as this aspect is treated as decreasing work efficiency of personnel. There are little promotion avenues and increase in salary is modest. The changed situations have created fear component in the employees, who remain worried for their future and always remain careful to search better opportunities. Even the top functionaries remain effortful to seek better opportunities in view of unsafe job conditions.

Business sector have immense employment opportunities to talented persons, who join their first assignment to gather working knowledge for an year or two, which is pre-requisite in other business groups. In some cases, talent is placed on higher remuneration to get business system of earlier group to compete in effective manner and the environment of uncertainty is harmful for business group as well as the talented personnel. The employees remain least interested in long term bond and similarly the business group also feels necessary to remove the personnel if not found perfect to manage desired tasks.

In general practice, business groups keep their independent policies for recruitment and retention of personnel, as few groups remain quite attentive on top level executives, but avoid handling all top policy issues in the fear of being transmitted to other business group and similarly such employees are able to understand the discriminating attitude of the business group management. Assignment based task to complete in time bound manner has created serious problem among top employees, who work for ten to twelve hours in lieu of better salary and perks have serious impact on health and decision making capacity of personnel.

Usually business groups have their own human resource management policies and salary hike linked with performance, where various issues of salary, perks, facilities and avenues have created discrimination among the personnel of same rank and working duration. Accordingly, suspicious environment prevails in the functionaries of top rank and removal from job remains most critical factor.
Chapter 1: Introduction

Attrition is a serious problem of business groups, which hampers the work culture as well as making fresh efforts to insert new talented personnel to manage requisite task.

Costs associated with attrition include recruitment expenses, training for capacity building and orientation of the personnel to acquaint with the expected output, lost productivity cost for the duration of vacuum till placement of new personnel and certain gestation period to perform with full potential. New hiring cost involves bringing new personnel into the system and time spent in trust and confidence building. These problems are most critical issues, which remain continue due to attrition problem in different areas of the business concerns.

1.2 REVIEW OF LITERATURE:

Talent management has become most important task of business culture, where various experts have assessed the business related issues from varied angles. The main objective of the corporate sector is to expand its activities and earn profit in most competitive market, where various strategies are required to adopt for prospecting the business keeping in view the local market conditions and export potential. In addition, country production and import material in market create significant problem to push the produce in effective manner. The literature available to serve as guide to run the business in effective manner is only suggestive material, while the business group has to form its own policies.

The term talent management emerged in 1990s to incorporate developments human resource management, which placed more emphasis on management of human resource or talent. The term was coined by David Watkins of Softscape published in an article http://www.watsonwyattc.com/research/resreder.asp?od=W-488&page=1 The connection between human resource development and organizational effectiveness has been established since 1970s. The issue with many companies is of their organizations put tremendous into attracting employees to their company, but spent little time into retaining and developing talent.
Companies that engage human capital management are strategic and deliberate in extracting the source, attract, select, train, develop, retain, promote and move employees through the organization. Research done on the values of such systems implemented within companies consistently uncovers benefits in these critical economic areas, revenue, customer satisfaction, quality, productivity, cost, cycle time and market capitalization. The mindset of more personal human resource approach seeks not only to hire the most qualified and valuable employees but also to put a strong emphasis on retention.

Spherion (2002-03) in Introduction to Talent Management has stated that talent management involves individual and organizational development in response to changing and complex operating environment. It includes creation and maintenance of supportive, people oriented organization culture. Talent management implies recognizing individual inherent skills, traits, personality and offering a matching job. Every person has unique talent that suits a particular job profile and any other position. It is the job of the management, particularly the human resource department, to place candidates with prudence and caution.

One wrong selection results into further recruitment, training and other wasteful expenses. In research work, persons have to work as a team and their output is perfect, when the team is dedicated to assigned task. Putting right person on right job is the most critical factor, where the person recruited in not wrong but the fault of selectors unable to bring appropriate person. The process of an organization for effectively managing the talent is to recognize talent, attracting talent, selecting talent, retaining talent and managing succession. Talent management brings together number of important human resources and management initiatives.

Organizations that formally decide to manage their talent undertake a strategic analysis of their current human resource processes to ensure a coordinated performance oriented approach is adopted. Organizations adopting talent management approach, quite often focus on coordinating and integrating on recruitment ensuring right people are attracted at the organization. Retention process
is essential to ensure developing and implement practices to reward and support employees and employment development for ensuring continuous informal and formal learning and development system.

Lowell L Brayan, Claudia I. Joyce and Leigh M Weiss (2007) in their article on Making a Market in Talent has explained about the competitive value of talented people and spend considerable time identifying and recruiting high caliber individuals from the available. Usually, many companies pay very little attention to allocating their internal talent resources effectively. Few companies use talented people in competitive advantageous way by maximizing their visibility and mobility and creating work experiences to feed and develop their expertise. Many frustrated managers search in vain for right person for particular job, knowing for working in same company.

Many talented people have experience of getting stuck in dead end corner of company, never finding right experiences and challenges to grow and finally bailing out. In modern networked and knowledge based business environment, intangible assets such as skills, reputations and relationships generate highest value. Effective resource allocation means unleashing value of talent by mobilizing talented persons for best opportunities, including in particular opportunities to become even more developed by finding work that creates distinctive new skills and knowledge.

Global market has become more dynamic and competitive, where companies need to deploy talent even more flexibly across broader swaths of the organization. Such management must develop and execute value-creating initiatives so quickly, talent is becoming more critical to corporate performance, specific needs for talent are more unpredictable and companies must develop talent more rapidly than ever. Research demonstrations are evident that companies with enlightened talent management policies have higher returns on sales, investments, assets and equity.

P B.S Kumar (2006) in an Article on Talent Management has stated that talent management implies recognizing inherent skills, traits, personality and offering a challenging job. Every person has unique talent that suits a particular job
profile and any other position would cause discomfort. It is the job of management, particularly of human resource department, to place candidates with prudence and caution. Challenge of talent management has two facets, i.e., to find appropriate person and to retain at appropriate position. Both the issues are associated with work performance of the organization.

In the sphere of talent management, various countries are facing varied problems, as development countries are worried from retirement problem of talented persons holding key positions. This problem is serious in USA, Germany and Japan, where key talent persons are at the verge of retirement. Graduates and post graduates churning out of universities are found to be ill equipped to handle challenging positions. These personnel are well versed with theoretical aspects of related issues but lack in application part, which may require long time to equip those suitably and there remains fear about their capability to work in result oriented manner.

Few decades back persons joining any organization in mid 20s continued to work till retirement but present young professionals hop job during 4-5 years. Though Indian service industries are basking in the light of outsourced jobs, they also cannot ignore the fact that BPO industry is also facing highest attrition rate of around 35 percent, which was never heard before. It is fact that talented people add value to organization, but they are restless species cannot stay rooted at one place. Talented persons leave job for one reason or another, causing serious setback to organizations.

Leo Webster (2008) in Best Practices of Talent Management and Succession Planning has expressed that talent management has become high priority for many companies in their human resources organizations under pressure of cut costs even after increasing productivity. The integrated talent management process is critical for effectiveness and efficiency. Senior human resource executives have to sit down with senior business leaders to review current and future business strategies, identify critical jobs and competencies needed to drive the business forward and come to an agreement on necessity of integrated talent management process for success of business.
Chapter 1: Introduction

The new talent management process focuses more on pool of talent than on specific individuals. It takes a broad view of satisfying the need for right mix of talent to implement current and future strategies. It is no longer process of hiring talent for specific position but need persons to qualify for key positions in future. Traditionally, companies have managed employee’s information in different department or human resource silos using function specific software. The new talent management process requires an integration of all human resource information of staffing, training and benefits etc

Gregory P. Smith (2010) in his article on Employees Retention Strategies: How to Attract, Keep and Motive Today’s Workforce has stated that employers face major challenge in finding skilled people, a younger workforce with different attitudes about work and growing population of old persons heading towards retirement. The study reveals 85 percent of human resource executives state the single greatest challenge in managing workforce in organization’s inability to recruit and retain good employees and managers.

One such organization decided to explore main reason for quitting and identified new strategies and tactics by creating emergency leaders programme, providing training to managers and improving their employee recognition programme. The staff and managers were proved better talent and retained their best persons. The human resource department felt happy with the new developments. This issue compels to consider over the survival of business and heavy turnover cost of recruitment and acclimatizing the staff into work culture.

The business can improve their ability to attract, retain and improve the productivity by applying five stage employee retention PRIDE process, where P addressed to provide positive working environment, R relates to recognize, reward and reinforce right behaviour, I refers to involve and engage, D means develop skills and potential and E suggests to evaluate and measure the work performance of the individual and group. This reveals that success of business depends on stability of employees, who are well acquainted with the work culture and retention is possible with creative measures.
Collings DG and Mellahi K (2009) in their article on Strategic Talent Management: A Review and Research Agenda have stated that talent management has been defined as activities and processes that involve the systematic identification of key positions, which differently contribute to the sustainable competitive advantage of organization, development of talent pool of high potential and high performing incumbents to fill these roles and development of differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization.

In this regard, it is important that key positions are not necessarily restricted to the top management team but also include key positions at levels lower than the top management team and may vary between operating units and indeed over time. However, this is also fact that despite growing popularity of talent management and over a decade debate and hype, the concept of talent management remains unclear. There is disturbing lack of clarity regarding the concept, scope and overall goals of talent management. The current state of talent management literature is exacerbated by the fact that there is alarming lack of development in the area.

The issue of talent management is an interest of wide range of stakeholders beyond human resource academics and professionals. It has been suggested that organizations intending to apply talent management system need to form strategy of organization development keeping the talent management as tool for betterment. The financial performance of the organization is main issue and talent management able to lead to the future prospects of organization, can be best talent management as organization progress is the top most issue of interest.

Richard S Wellins, Audrey B Smith and Scott Erker (2010) in their white paper on Nine Best Practices for Effective Talent Management have highlighted that organizations remain well aware of the requirement of best talent to succeed in hyper-competitive and increasing complex global economy. With the understanding the need to hire, develop and retain talented persons, organizations are well aware to manage talent as critical resource to achieve best possible results. There is adequate
supply of talent and gap exists at top-level organization to mid level leadership ranks. Talent is an increasingly scarce resource to be managed to fullest effect.

During the current economic downturn, the organizations may experience a short ceasefire in the war of talent, there should be strategic emphasis on keeping the top functionaries and develop new successors. Many organizations are reducing their workforce, but there is need to have cautious approach to retain talent when economy rebounds. Organizations are well aware about relationship between talented employees and superior organizational performance. The organizations intending to expand their production and area coverage need to induct new talent to work independently after such situations.

Dr. Vidhyeswari V. Jitha (2009) in Talent Management: Strategy and Challenges has expressed vivacious nature of global business as ever increasing pressure on companies looking for incomparable talent in market where demand exceeds supply. Given the current focus on linkage between talent and business challenges of the organization, effective strategy execution requires sufficient number of right people with right skills and knowledge in right roles. Pressing business necessities through increasing turnover in consonance with economic improvement, globalization of market and labour forces, aggressive competition and heightened corporate oversight.

In the most competitive market, corporate group can survive and flourish with the help of superb talent capable to provide requisite results in time bound manner. In addition to acquisition of requisite talent, it is also necessary to derive most desired results and retain the talent for large duration. Getting talented personnel with potential skills requires placement at appropriate position and extract maximum results. In addition retention of talented personnel is necessary to derive better results, accuracy, quality control and providing excellent produce in the market.

Making honourable position in the market and retaining it, is most challenging task, as there may be sudden deterioration of quality to meet excess
demand in short duration and coping up with the market conditions is necessary. In view of these situations, human capital management has gaining significant importance. Talent management enables organizations to rapidly align, develop, motivate and maintain high performance labour force. They also alleviate the hassle of writing performance reviews by automating the task and ensuring quality review in time bound manner.

The author has attempted to assess the cost of attrition to the organization with talented employee defects to the competition. Productivity loss is inevitable due to vacant position. In addition, unforeseen costs also prevail during the search period of new job by departing employee, for not contributing to requisite extent, which has been termed as ‘short timer disease.’ Using conservative calculations, one technical company in California Silicon Valley estimated average cost of $125,000 due to departure of one employee.

Some companies calculated attrition loss of 65 to 75 percent of annual productivity. One sales company calculated potential sales loss of over one million dollars with departure of one employee. To add insult to injury, this does not even take into consideration the attempt to woo past customer to new employer. The multiplier loss factor of all employees of one year put significant loss of attrition, which the company cannot afford. Some companies complain about the problem of sale of other company in the same duration, which the company could locate quite late.

Most of the organizations remain unaware about the reason of stay of employees or reason for departure from the company. Some organizations attempt to capture causes of attrition through exit interviews, which simply scratch the surface of causes of attrition. Many employees report better compensation as cause of leaving current job indicating absence of professional development opportunities. While applying for new positions, the left out employees do not mention negative factors of leaving earlier task, possibly from fear of retribution, but instead report causes of attraction in new position.
It has also been visualized that role of managers in attrition remains paramount but underplayed. Most managers in retention lamented the loss of talented contributors. They diagnose the reasons for departure of employees, the managers reported as variety of external organizational factors as causes of attrition, but avoided to shoulder personal responsibility for the situation. Usually managers do not acknowledge any factor of their control, as reason of departure of an employee. Telling real position of attrition is difficult and troublesome for the managers, as the internal policy of the business organization is most critical for discrimination in salary and perks.

For minimizing attrition problems, preventive measures have been treated as best way to consider genuine problems of key employees, who are most crucial for the organization. The number of key functionaries remains quite small but performance is the most vital factor for the organization. For this purpose, it is essential to determine a degree for manager rank retention as high priority issue. Usually, management suggests the resigning employees to reconsider over the decision, which may prove serious mistake. If the genuine problem of such employee is heard and suitably addressed, keeping satisfactory conditions is treated as right approach.

An employee associated with customer sales or service functions, resignation of such employee may have adverse impact on the customers and there is sudden vacuum in the level of satisfaction, which the customers were receiving with that specific employee. The impact of leaving of such employee may cause discontinuity in consumer relationship, negative impact on productivity and time wasted in reorientation of new employee and level of satisfaction the consumers receive. These are key problematic areas, which need careful consideration to bridge the situation suitably.

It has been experienced from analysis of various organizations that attrition is inevitable feature in order to compensate for poor hiring decisions. The retention ratios can be increased with concerted efforts, which had helped various organizations in smooth functioning and acceleration of the performance in
quantitative and profit terms. The managers need to adhere the retention practices sincerely and keeping regular dialogue about the individual problems is best way to remain well known with the mindset of each personnel. Some managers have superb capacity to increase retention of employees in effective manner.

Employee-management relationship is most appropriate approach, where constant dialogue with individual employee by shouldering faith to speak problems being faced by any employee at work site or outside. If the employees have faith in management and able to express all their individual problems in the hope to get solution better than its own perception, creates conducive environment at workplace and every employee treats the management as senior guide to help in all problematic conditions. Such an environment is necessary in business concerns, where employees also feel some affiliation with management.

Hudson (2008) Public Sector Talent Management: The Influence of the Private Sector has differentiated in policies of human resource practices in public and private sectors, where the public sector has serious annoyance for comparing their talent management strategies with private sector. It is certainly true that there are certainly talent pioneers in private sectors, but general perception of long-sufferings for lack of focus on talent management. Many companies treat talent management nothing more than identifying strong personalities and profiles. Various experts of talent management reveal that tools typically originate from private sector.

The private sector organizations are described as forerunners in introduction of new talent management tools, there are major differences in culture and management policies between public sector entity and private sector company that could prevent the former from modeling its policies on the latter. It has also been visualized that the impediments to successful application of private sector talent management cited by officials of public sector. The government institutions apply talent management instrument for the sake of acquaintance with government or public sector institutions. The role of line managers remains vital in unfolding talent management policies.
The bureaucracy and limited flexibility in sourcing and recruitment process has obstructed the engagement of right talent. Human Resource managers in France and Belgium, in particular, echoed this approach. In most European Community nations, the starting point in recruitment process is invariably education level of candidate, which includes academic educational history and types of schools attended. Education is often the only, if not the most important criteria. The private sector also places high emphasis on similar selection criteria, but a candidate with other interesting qualifications are also considered.

The crucial difference is the source of frustration to human resource managers is the public sector. In addition, equality principle is another impediment, as each candidate has to appear into examination, which is costly and time-consuming. Good candidates are offered other position in the meantime, which indicates that public sector could not get most talented persons in view of their rigid rules. France and Belgium are still adhering to this system, while Netherlands and United Kingdom have liberalized their policies to some extent.

The over-stringent adherence to academic qualifications and limited flexibility to other assessment methods has excluded the potential talent at the initial assessment stage and put good candidates off at the final selection process. This has also excluded assessment to future fit and work environment stress. Some stakeholders call different kind of managers and recruitment in public sector had made different environment for managers in view of trade unions, public opinion and media attention. In addition, public sector is open house subjected to media scrutiny and there is routine pressure of public sector officials for various reasons.

In public sector, performance is measured against financial target and outcomes, but career development based on performance is difficult to elaborate. In public sector, every citizen is a customer and shareholder. These shareholders are represented by politicians, who are the board of directors. In such situations, career development based on performance is difficult to elaborate in the public sector. Political dynamics are opposite to rational company policy and made it hard to identify as effective measure of performance. Introduction of new talent
management tools are caught between long-term talent strategy and short-term political cycle.

In private sector, there is no rigidity of rules for compensation and benefits. The management is empowered to take suitable decisions for selection and salary components to genuine persons beneficial to the business group and capable to provide substantial performance results. In addition, there are non-salary benefits admissible to talented person. Instant decision-making process of the management is helpful in placement of eligible person at suitable remuneration, provided the person is capable to help in expansion of the organization through accelerated profits. With this strategy, the private sector has no limitations in expansion of production, area of operation and introduction of activities in new area.

The success of any human resource policy depends on role of middle management and line managers play determining role in development of modern talent management policy. The line managers sometimes represent impedance rather than impetus, as reward systems are not rigid and change frequently as per requirement. The talent war is the outcome of current economic situations, where globalization and liberalization are the measures to enter into global competition and prove worthiness in the business sector, where performance is the only criteria of success and prosperity of the industrial sector is the ultimate objective.

Peter Bassett, Cheryl Buxton, Ruchira Pathania and Madhav Sharan (2009) have stated that Talent Management is Key to India’s Pharma Future, where Indian Pharmaceutical industry is poised to change as the Union Commerce Ministry of Government of India is helping the industry to boost up the production and productivity to meet the global demand of medicine. The ministry had cleared 663 additional formulations under Drug Price Control Order, to enable the pharmaceutical industry by 11 percent and annual turnover of the product has reached to US$13 billion in 2007-08.

Approval of patents of branded products has substantially contributed to growth of domestic pharmaceutical industry and pushing its export, particularly in
generic drugs. Several branded products are slated to lose patent protection in developed markets in coming years. In United States, drugs worth US$ 40 billion and Europe worth US$ 25 billion have gone off patent in 2007-08, providing adequate opportunities to Indian drug manufacturers in generic drug market to capture market share. Enactment in early 2005 of patent protection that comply with World Trade Organization Agreement on trade related aspects of Intellectual Property.

These rights have brought India to the forefront of potential outsourcing venues for the world pharmaceutical multinational corporations. This has entrusted significant responsibility on Indian drug manufacturing companies to expand their human and financial resources to take advantage from the available opportunities. Prior to new patent rules, Indian law offered intellectual property protection to process patents and not product patents. The resultant impact was that Indian pharmaceutical companies were unable to reproduce branded drugs without paying royalties; they could produce similar medicine by adjusting the manufacturing process.

With large and ready internal market, Indian companies enjoyed excellent margins from selling these lower cost generic versions of brand name medicines domestically. Over the past decade, some of the larger Indian pharmaceutical companies have branched out, selling their generic products abroad, particularly in developing countries and establishing foreign subsidiaries. Now the business landscape has changed and Indian pharmaceutical companies have reinvent themselves. The most obvious opportunities lie with multi-national companies, which have entered into India without patent fears.

Pressed by rising costs of developing, testing and marketing drugs. European and American companies have entered into India for manufacturing as well as research and development. Nearly every multi-national pharmaceutical company has been investigating Indian possibilities for contracting manufacturing and licensing agreements, joint ventures, merges, acquisitions, contact research or any combination of arrangements. Highly skilled, educated work-force and established
infrastructure of Indian pharmaceutical industry are high attractions including broad labour market potential.

According to recent study by Evalueserve, a consulting firm, the pharmaceutical industry has penetrated only about 30 percent of Indian domestic market. With an estimated population of one billion, the potential is extra-ordinary, which represents large untapped market with low intensity, which can be captured by multinationals through volume sales and realistic pricing. Another factor in the current Indian pharmaceutical market environment, where about 100 drugs in 15 therapeutic categories went off patient during 2005 along and 20 of these in the blockbuster category, generally defined as potential sale of US$ one billion.

Dr. Alaknanda Dhotre (2010) in the article on Attrition in Pharmaceutical Industry: Human Resource Management’s Roles and Strategy has stated that pharmaceutical industry is growing tremendously and companies are focusing from survival strategy to competitive strategy. There is constant thrust for the best and brightest of employees but the ever growing industry is facing problem of heavy attrition, which is highest after information technology sector. The fast growing knowledge based sector is suffering from annual attrition rate of 30 to 35 percent, as per outcome of recent survey conducted by Interlink Marketing Consultancy based on 15 companies in small, medium and large segments in Indian Pharmaceutical sector.

Attrition is the function of demand and supply and pharmaceutical industry has continuous demand of experienced employees, where globalization has created the need of fresh talent for incorporating new ideas. The demand comes from the growth of industry and policy of company and these two factors decide the demand of fresh as well as experienced persons. The supply comes from educational institutions and the market and supply of educational institutions is enough to meet the demands of pharmaceutical industry, but there is lack of experienced and talented persons, which in turn has created the imbalance.
Sources from the industry reveal that marketing and sales areas are most affected from attrition problems, but the attrition rate in research and development sector is very high, as highly skilled work area has severe dearth of experienced professionals. At the same time new opportunities are tremendous due to globalization on research and development front and increased outsourcing opportunities in India has created demand of skilled research personnel. Other industry related issue is ethical practices. The pharmaceutical companies have to comply with statutory requirement of quality assurance, good manufacturing, laboratory and voluntary codes of marketing practices.

The study reveals that large number of old generation employees are unable to adhere ethical standards and leave the organization. The strict compliance of international standards is of gold standard in pharmaceutical industry, which cannot be ignored. The Indian pharmaceutical industry is one of the most dynamic industries in the world ranking fourth and accounting eight percent in terms of volume of production. The market in India is highly fragmented, as there are more than 10,000 licensed firms with total annual turnover of Rs. 54,000 crores, of which 300 companies are in organized sector.

The pharmaceutical employs total 5 lakh persons in India across domestic and global sectors, losing at least 30 percent work force annually. With changes in strategy and innovations in human resource management, the suggested tools are transparent recruitment strategy, development and training, talent retention measures, conducive psychological relationship, long term organizational culture and career track management, it is possible to reduce attrition in the pharmaceutical industry, where profitability is sovereign criteria of enterprises and business with innovative approach.

Wikipedia (2012) Pharmaceutical Industry in India has stressed the necessity of establishing relationship between pharmaceuticals and biotechnology, which plays vital role in flourishing pharmaceutical industry. India account for two percent of the $ 41 billion global biotech market and in 2003 ranked third in Asia Pacific Region and 11th in the world for number of biotechnology items. In 2004-05 Indian
biotech industry had 37 percent growth rate to attain $1.1 billion. Indian biotechnological market is dominated by bio-pharmaceuticals, vaccines led by way comprising of 47 percent of sales. Biologics and large molecule drugs tend to be more expensive than small molecule drugs.

The support of Government of India remains quite substantial with establishment of Biotechnology Department in the Ministry of Science and Technology in the year 1986. There have been number of dispensations offered by central and state governments to encourage growth of the industry. Tax incentives and grants for bio-tech start-ups with establishment of ten biotech farms. In addition the pharmaceutical industry has been placed in the list of 100 percent foreign direct investment facilities for accelerated growth of the industry.

Ajay Dsouza (2012) in the article on Future of Indian Pharma lies beyond generics has stated that Indian pharmaceutical industry has emerged on global landscape as strong generic player under Indian Patent Act 1970, which allowed only process patents in pharmaceutical products. This was aimed at keeping the cost of medicines at affordable levels by enabling domestic pharma companies to build technical expertise in reverse engineering of existing medicines by modifying the manufacturing process and become efficient producer of generic drugs.

India shifted to product patent regime in 2005; the capabilities developed during past two decades became a competitive advantage for the industry, when rising healthcare costs in many developed countries forced to seek cheaper generic drug option from India. Thus Indian pharma industry was able to exploit the enormous generic opportunities. The low cost of manufacturing medicines renders India an attractive destination for contract research and availability of large patent pool makes it appealing for clinical trials, which contribute most in terms of revenue to contract research segment.

Dr. Mahua Majumdar (2009) in her article Talent Retention in Pharmaceutical Company: A Perspective in the Modern Era has stated that profits are related to customer retention, while capital retention is referred to employees
retention, which may or may not be related to benefits, but benefits could be part of the package that causes people to stay and by the engage in discretionary effort. If employees are abused by management or superiors, they reciprocate with the customers and this process is causative impact of ruining the company. Success of biotech and pharmaceutical companies are determined by the technical competence of their workforce.

Pharmaceutical industry cannot afford to lose its trained and skilled talent, specially when the cost of talent pool is phenomenal. With little amount of cross training, the current talent can be employed in various areas of pharmaceutical, biotech and life sciences industry. The pharma industry is grappling with shortage of skilled manpower and attracting talent is necessity for smooth functioning and expansion. Catalyzed by introduction of patent regime, the pharma industry has swiftly increased its number of generic medicines, which are exported to various nations for cheap and effective curative impact.

Larry Galler (2001) in his article Manage Talent or Lose it has stressed that balance sheet of a company is statement of profit and loss, which is reflection of the functioning of talent staff. The talent need properly managed and improper utilization of talent may result in severe loss as well as future prospect of the industry. Talented staff need effective work culture and perform in the effective manner. It is true that selection and placement of talented persons is not sufficient, but responsibility of the top management to put at appropriate position to derive best results from excellent performance.

Usually the management remains incapable to place right talent at right position, as every person cannot handle every position of the organization but possesses specialization in some specific area. It is the responsibility of the management to place the person at right position, where one can be best suited in view of experience and expertise. It is not the fault of any talented person for not yielding perfect performance, but management has to assess the potential of the person within the total organizational set up. This task is most crucial but most of
the management personnel remain incapable to assess such talent factor of individual.

When talent staffers are identified and encouraged to stretch their boundaries, seek larger goals and perform at higher capacity or take added responsibility much faster, it is the duty of the management to praise and reward the personnel suitably. Such encouragements help in better performance and interest to attend all the given tasks in time bound and satisfactory manner. If the management is not sensitive to this extent and de-motivate the person with different manners, it has worst impact on the person, who becomes frustrated with the indifferent response and start looking more challenging position elsewhere.

Susan Gauff (2010) in the article Retention of Key Workers is # 1 Entrepreneurial Challenge has stressed that employees do not leave companies but they leave managers. The employee wants good behaviour and encouragement in case the special task was completed satisfactorily and earlier than the expected timeframe. Staff expresses respect to seniors and expect responsive attitude. If the manager has no courtesy to praise of excellent and challenging task, the enthusiasm of the staff starts deteriorating and cold response of manager creates frustration. The relation of manager and staff are reciprocal and work as per directions.

Michael Beitlar (2010) in the article Employees Retention: It’s a Challenging Game reveals that poorly conceived retention policies of the companies are responsible for adverse impact on the performance. The philosophies underlying these policies lack basic concept of human nature and changing world around. The practice of management requires an understanding of working system of staff. Successful managers are usually forgiven for not conversant of functioning of particular machine, but managers are expected to know the functional aspects of staff, who are motivated by goals.

If the manager treats workers and appreciate their well performance, workers continue to work in the organization, as the environment remains conducive. In addition to oral appreciation, other methods are hike in salary for above normal
performance. In the situation, where the staff feels cold response and no consideration for excellent working, the staff tries to get rid of from the company and start searching other areas, where better salary is possible. Usually trained and experienced person gets higher remuneration and this is the process of leaving the company by one or more working persons.

The staff functional in any company consists of new and experienced persons. In addition to age factor, the religion and nationality of workers remains different. The brain drain in developed countries slows down by retaining old workers and high skilled workers, but every company remains effortful to search talent with innovation and able to put new ideas of working with high efficiency. Outsourcing is the aspect to get work at lower cost with high quality and such practices have been developed, though the country government tries to discourage such efforts.

Don McNamara (2010) in his article on How to Retain Top Sales Talent has stated that attrition of staff engaged in sales is most critical. Sales staff leave when whole set of other factors comes into play and make the job achieving their goals difficult to achieve. For solution of this problem the sales managers are expected to lay down realistic goals for sales persons and understanding the feasibility aspects of the commodity and quality of product can set such goals. When sales management takes hands off attitude towards developing common goals and objectives with sales representatives, the unrealistic goals cannot be adhered and sales persons try to get rid of from the task.

Sales managers remaining with sales staff usually understand the field problems and try to fix realistic targets with the management by convincing field situations. The sales staff feels quite encouraged with the process and tries to increase the sales with best possible and sincere efforts. Appreciation and hike in salary and other benefits encourages the staff. Some managers use to submit the situation before the management in different manner and reveal that sales staff is showing better results for getting benefits. The right and wrong approach of managers is responsible in managing the sales in effective manner.
James Robins (2010) in his article on Employee Retention for New Hires has compared the talent entrance in organization by zebra giving birth and once baby colt is up on its feet, mother blocks youngster’s line of sight to the rest of herd. The mother will only meet her baby colt by seeing her stripes. The reason is that a very important imprinting process is going on in those first moments, where mother is building loyalty into her offspring. Once her pattern is ingrained in her young colt brain, the baby will forever know her mother. For many organizations, turn over is greatest in first 84 days. There are some simple things to increase chance of employees making through that probationary period.

The tips to feel the employee friendly through welcome basket and similar practices to encourage its entrance into organization and behave in easy manner to acquaint him with the senior persons and work environment. Even the chairperson or chief executive officer to talk new persons telling them to meet in case of any problem. Each member of the organization must know about newcomer and take new hire with the team. Everyone loves to go on lunch when boss is paying and relationships are built over food. These measures are helpful in retaining the person in the organization.

Josh Greenberg (2010) in his article on Increasing Employees Retention Through Employee Engagement has defined employee’s engagement as level of commitment and involvement towards organization and its values. The primary behaviours of engaged employees are speaking positively about the organization to coworkers, potential employees and customers having a strong desire to be a member of the organization. Many smart organizations work to develop and nurture engagement. It is employment that employee engagement process does require a two-way relationship between employer and employee and closely related to its ability to achieve high performance levels and superior business results.

1.3 RATIONALE OF THE RESEARCH STUDY:

The pharmaceutical industry in India has highest attrition rate of 35 percent in comparison to attrition rate of less than 10 percent in developed countries. The scope of increase of industries in India is quite substantial in view of large number
of patent approval, which attracts the foreign direct investment in this very sector and keen interest of foreign companies to start business in collaboration with Indian companies or by opening their own branches. The cost of manufacturing drugs is substantially low in view of low labour costs and conducive environment. The export potential is quite high in view of low cost production.

Even after various favourable conditions, the attrition rate is quite high in manufacturing, sales and other divisions of working areas. No sincere efforts have been made to ascertain the attrition conditions in terms of causes and consequences responsible for such a situation and sincere efforts to minimize it. It is simply stated that the employees remain effortful to search new avenues for better remunerations but the impact over the organization is quite substantial in terms of business and profits. It is most pertinent that pharmaceutical industry should grow fast to avail global market better than present.

Every country is interested to have better share in global market and compete with India, which is genuine situation, but so far Indian efforts from the government and financing agencies is not sufficient, unless the pharmaceutical industries have their built in arrangement to curb attrition rate to the lowest level, where the interest of industry remain safe and flourish in substantial manner. The research study is intended to find out the causes and their solutions to minimize the attrition rate. The added production of generic medicines can be provided to developing countries, where available medicines are at reasonable cost.

1.4 OBJECTIVES OF THE RESEARCH STUDY:

The research study has been undertaken with well set objectives to fill in the gap in talent management and retention strategies in general and pharmaceutical industry in particular, as this sector is capable to help in country development through value addition, provision of employment opportunities and superb export potential. The pharmaceutical industry has various untapped areas like biotechnology and bio-product for making the product free from side effects. There are excellent opportunities to increase Indian share in global market from existing 8 percent. The main objectives of the research study are as under:
(1) Investigate and better understand talent management and retention practices in the context of pharmaceutical industry.

(2) Quantifying trends in retaining talent by understanding the pattern of turnover.

(3) To assess the causes of attrition in Indian context in general and in pharmaceutical industry in particular, as well as its consequences over the production and productivity of the industry.

(4) Provide insight into improving talent management and retention practices on the basis of findings of attrition problems.

(5) Develop key benchmarks for employee-management relationships by creating conducive environment and understanding problems and prospects.

(6) Suggest measures to curb down attrition rates in pharmaceutical industry through better talent management and retention system.

1.5 RESEARCH METHODOLOGY:

The research study has been undertaken on well-set methodology comprising of collection of information from secondary sources, as well as from primary sources. The published material related to talent management and retention strategies is available based on theoretical concepts in books and articles published in magazines and also available on internet. The application part of the system is quite limited, as each industrial unit takes its own measures through policies and practices, which remain unpublished and staff position related details are known from the balance sheet and remuneration component of the expenditure.

The pharmaceutical industry has highest attrition rate in India and each industrial unit of the sector applies various methods to select talent, provide training and adopt various measures of their capacity building. Salaries and other benefits are also substantial associated with the work performance. With all the possible measures the retention of high talented personnel to grass root functionaries remains a recurrent features, but causes and impact are not published to help the companies. Accordingly, the primary information collection became inevitable to study the problem in detail and assess the impact of attrition problem.
For this purpose, one questionnaire was prepared to collect information from employees of selected pharmaceutical industries, where selection of employees was made primarily on the basis of their inclination to spare time and help in replying the questions by the enumerator. For this purpose, three levels of employees were selected i.e., top level executives involved in decision making process in the industry, heading various units of the industry and specifically in the human resource development. Second category employees comprised of middle level functionaries working as link between top executive of the industry and handling the supervisory work in industry, area and regional levels.

In addition, grass root functionaries have also been selected for interaction about their working environment and problems faced. Prior to interaction, personnel of all the three categories were communicated that the objective of the study was to understand their own problems and working conditions, which helped in creating quite friendly environment and every person selected and expressed inclination to respond was quite encouraging and able to get maximum information to almost correct, where mode of asking questions was quite clear and elaborative.

In addition to information collected through questionnaire, some touching questions were posed to get hearty feelings of the personnel, which was used as qualitative component of the primary information, used to arrive at various issues related to internal relationships in between top to grass root functionaries and impact of the inter-personal relations over the work and factors responsible to take decision to leave the organization or continuance in the organization. Total 200 questionnaires were filled in with the help of enumerators and research scholar remained associated in total duration to form opinion on the basis of the attitude of the respondents and views about the organization.

The secondary information used in the research study has been suitably acknowledged and the primary data collected, compiled and interpreted by the research scholar have been analyzed in appropriate manner. Total ten pharmaceutical industries of Rajasthan and Gujarat have been selected for direct interaction with the employees of different levels. The pharmaceutical industry has
large network of medical representatives responsible for pushing the produce in the market with their own efforts. The grass root functionaries cover large number of such persons. The suggestions for minimizing the attrition rate are largely based on the field response from the respondents and management of the organizations.