

## A Study on Talent Management and Its Impact on Organisation's Performance

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### ABSTRACT:

Talent Management is a human resource management strategy that many organizations follow in order to retain staff for a long period of time. It is defined as the process of procuring talented employees, preparing them to move to higher positions, assessing and managing their performance and preventing them to leave the organization. The main focus of the study is to analyze the relationship between talent management and the organizational performance and also to suggest the ways of retaining effective talent in the organization for long run sustainability and growth of the company. For this a well designed questionnaire is used and data is collected from both primary and secondary sources. The sample size is 120 employees from various software companies located in Bangalore city. For this study convenience sampling technique is used and data is analyzed with the help of statistical tool like multiple regression analysis are used. The findings of the study include that talent management practices have positive impact on organizational performance. In order to retain talented employees organizations need to focus on learning and development initiatives for the employees and also career enhancement opportunities should be provided that ultimately improves organizations productivity and performance.

**Keywords:** Talent management, learning, retention, productivity and performance, career enhancement opportunities.

### INTRODUCTION:

Retaining talented employees is considered as a critical issue in most of the organizations. Managing and holding of talented people in the organization is highly prioritized across the globe and also a challenging issue faced by most of the Human Resource Professionals. As researches on talent management, the cost of losing an employee range from one to 2.5 times the salaries paid to them. The more is the turnover rate the more is the risk faced by the companies and this decreases productivity at work place, lessens the employee engagement, increases the cost of training and enhances employee the name and goodwill of the employee in attrition levels. Organizations in the current business World now realize the impact of

employee retention on the long-term growth and success of their organizations, especially in the competitive Indian industries with special regard to Information technology Sector. Technological advancements and global competition drive shifts in employment trends, intensifying the competition among employers to attract and retain skilled workers. Flegley notes that the scarcity of highly talented employees makes talent acquisition and retention a top organizational priority. Longer-tenured employees tend to be more productive due to their deep familiarity with the company's culture, and they serve as motivators for their peers, fostering loyalty, dedication, engagement, and a strong attachment to the company. Consequently, many companies are now investing significantly in talent management practices aimed at instilling a sense of pride among their workforce.

In the realm of literature, talent management can be described as a multifaceted process aimed at attracting, nurturing, and retaining high-potential individuals both from outside and within an organization. It constitutes a continuous effort involving external recruitment, internal development, and employee retention. This holistic endeavor is effectively realized through talent acquisition, which adopts a forward-thinking approach. It seeks to identify and bring on board exceptionally talented individuals not only for current roles but also with a strategic eye toward positions that may emerge in the foreseeable future. Furthermore, talent acquisition encompasses not just the identification and development of talent but also its active engagement and long-term retention within the organizational framework. Lewis and Heckman, in their research on talent management, present three pivotal insights. First, they propose that talent management essentially comprises a set of conventional human resource practices, including recruitment, selection, development, career planning, and succession management. This perspective implies that talent management is, at its core, an extension of traditional HRM practices. Lewis and Heckman's work delves deeper into the intricate dynamics of talent management, specifically concentrating on forecasting and modeling the flow of human resources throughout an organization. They consider factors such as workforce skills, supply and demand, as well as growth and attrition to be critical in this regard. This concept posits that talent management closely resembles HR planning, particularly when integrated with various organizational databases and systems. Lewis and Heckman's third perspective on talent management revolves around the acquisition, development, and rewarding of employee talent, focusing on a select group of high-potential individuals rather than the entire workforce. In defining talent, Morton offers the notion of talent as "individuals possessing the capacity to significantly impact the present and future performance of the company." Furthermore, an organization's talent is characterized by key employees who exhibit outstanding performance and competence, capable of delivering a competitive advantage to the company. This perspective of talent management has proven its merit through measurable improvements in organizational performance, resulting in increased sales and profitability.

## LITERATURE REVIEW:

According to Garry Dessler (2011), effective talent management involves the coordination of various human resource activities, including workforce acquisition, assessment, development, and retention. The Human Capital Institute (2008) conducted an examination of contemporary talent management practices across five essential areas: talent strategy, talent analytics, leadership and high-potential development, workforce planning, and talent acquisition. In contrast, Armstrong (2006) delves into a more comprehensive breakdown of talent management components. This encompasses resourcing strategy, policies and programs for talent attraction and retention, talent audits, role development, talent relationship management, performance management, total rewards, learning and development, and career management.

**Ringo et al. (2008)** explored six dimensions of talent management as part of a developmental approach. This approach entails recruiting and retaining talent, inspiring and developing it, deploying and managing it, connecting and enabling it, and transforming and sustaining it. According to Ringo et al. (2008), the use of talent management techniques significantly enhances organizational performance. Various industries prioritize different aspects of talent management; knowledge-intensive industries emphasize workforce connectivity and collaboration, financial services firms focus more on hiring and firing, with less emphasis on employee growth or collaboration, and retailers prioritize talent strategy and employ a variety of talent management techniques.

According to **Smith and Lubitsh (2007)**, a study on talent management practices in four global businesses highlighted that leading organizations consider talent management a strategic priority and a long-term investment that requires continual review, refinement, and reinvention to adapt to evolving needs and priorities over time.

**Ringo et al. (2008)** emphasize that many businesses perceive effective human management techniques as a potential differentiator in today's highly competitive and globally interconnected market. Various studies support this notion, indicating that companies equipped with robust talent management capabilities tend to achieve enhancements in quality, speed, and skill levels (Gabdossy Kao, 2004; Tansley et al., 2007). Furthermore, these companies are more likely to foster higher levels of creative thinking (Kontoghiorghes & Frangou, 2009; Sullivan & John, 2009; Tansley et al., 2007). It's also found that employees who have career development options tend to be more content in their roles (Mac-Beath, 2006; Steinweg, 2009), ultimately leading to higher overall employee retention and, particularly, talent retention (Di Romualdo et al., 2009; Sebald et al., 2005; Tansley et al., 2007; Yapp, 2009). Despite variations in the definitions of talent management, two fundamental strategies prevail. These strategies maintain a dual focus on both the individual and the systemic levels. The individualistic or star approach, originating from McKinsey

research (Michaels et al., 2001), views organizational performance as the sum of individual contributions within the organization.

**Iles et al., (2008)** emphasizes that winning every competition in the market and industry depends on your ability to recruit and keep employees who perform well in your organization. These findings are however contrasted by **Pfeffer and Sutton (2006)** who believe that an organization's performance is not determined by its ability to manage talent efficiently and who observe that natural talent is overemphasized, especially when it comes to maintaining organizational performance.

**Beechler and Woodward (2009)**, suggested that organizations' strategies in the talent battle frequently fail when they take a too individualized approach. This is consistent with the findings of a research of analysts from the outset investments who continued to see their business performance decline even after transferring firms (Groysberg et al., 2004). The individualistic perspective sees talent as human capital and downplays the role that social and organizational circumstances play in achieving organizational performance. Through its evolution over the years, talent management has transitioned from an individualistic to a strategic approach, albeit it is unclear what the term "strategic" means in the context of talent management.

Authors such as **Huckman (2006)**, **Colling and Mellahi (2009)**, as well as **Silver and Dowell (2010)** used the terms 'systems level, strategic perspective', 'systems level or strategic framework', and strategic talent management respectively. They thus refer talent management as a strategic management function. Others such as **Cappelli (2009)**, and **Iles et al., (2010)** simply bring attention to a particular aspect of personnel management that has strategic implications. Heckman explores what the term "systems level, strategic perspective" implies in the context of talent management by drawing on relevant literature.

### **Collings and Mellahi (2009)**

Strategic talent management involves a systematic process that encompasses three critical aspects: the systematic identification of pivotal roles that provide a competitive advantage and significantly contribute to an organization's sustainability, the development of a talent pool comprising high-potential and high-performing individuals to fill these roles, and the creation of a specialized framework to efficiently place competent individuals in these positions and ensure their sustained commitment. This definition reflects the contemporary evolution of talent management concepts. Pioneering work in this field, such as that by Huselid et al. (2005) and Boudreau and Ramstad (2005), emphasizes a clear distinction between various roles or functions within organizations. Special attention is given to critical positions and exceptional individuals with the potential to substantially enhance a company's competitive edge. Strategic talent management, as a practice, diverges from the traditional HR approach by focusing primarily on organizational goals and objectives, as advocated by Cappelli (2009). It prioritizes macro-level analysis, addressing system-wide concerns rather

than micro-level individual talent analysis. A fundamental principle of this strategic approach is that a company's talent's effectiveness is predominantly shaped by leadership, team composition, technology, internal networks, training, as well as the processes and systems they employ. For those identified as high talents or skilled individuals, these structures and methods are vital for success.

**Lengnick-Hall and Andrade (2008)** second, demonstrating that a staffing system is needed to offer the required talent supply and movement to achieve organizational objectives. But as also noted by Lengnick-Hall and Andrade (2008), with reference to **Von Bertalanffy (1974)** focused on improving an organization's subsystems because doing so does not enhance the performance of the organizational system; rather, integration and cooperation of subsystems are required to achieve desired organizational goals. Talent management must prove its worth to the bottom line in order to be viewed as a strategic activity. (**McDonnell, 2011**).

**Vance and Vaiman (2008)** the need for a clearer connection between strategic human resource management and talent management if talent management is to effectively advance the field. (Boudreau and Ramstad 2005; Wright and Haggerty 2005)'. While most researchers take business strategy as the starting point with talent and HR aligning with strategy (**McDonnell 2011; Silzer and Dowell, 2010**), some (**Boudreau and Ramstad, 2005; Lewis and Heckman, 2006**) says that, talent management is always a strategic issue. Organizations need to invest in managing talents and this pays a new way for new opportunities. Also **Silzer and Dowell (2010)** examined a "significant and drastically shift of HR to strategic talent management," with a primary focus on how classic and contemporary talent management differ differently from one another.

## DATA ANALYSIS:

The study encompassed employees within the IT industry management sector in Bangalore city, across various companies, making up the study's population. The total population comprised 120 employees. However, for the research, a sample size of 120 employees was utilized. Given the substantial population, a convenient random sampling method was employed to facilitate sample selection. To fulfill the research objectives, both primary and secondary data sources were employed. Primary data collection involved the administration of questionnaires. Meanwhile, secondary sources primarily consisted of published textbooks, examination malpractice publications, and websites. These secondary data sources were chosen for their ready availability and cost-effectiveness. The study incorporated both quantitative and qualitative data. Qualitative data from secondary sources was analyzed through content analysis and logical analysis techniques. For the quantitative data, frequency distribution and percentages were computed to determine the distribution of responses among the respondents. The data collected in the field was coded into Statistical Package for Social Sciences (SPSS), allowing for the generation of descriptive statistics such as frequency tables, mean scores, and percentages, which were thoroughly interpreted. The chosen

statistical tool for data analysis was simple linear regression. This statistical approach was employed to uncover the correlation between talent management and organizational performance in the context of the study.

### The role of talent management on organizational performance:

Table: Talent management and organizational performance are shown with the help of linear regression

Variables	R-Square	$\beta$ -Value	Model fit	P-Value
Role of Talent management				
Age of the Respondent		0.0043	0.455	0.455
Gender		0.0241	0.455	0.455
On organizational performance	0.635	1.532	0.000	0.000

The table displays an R-square value of 63.2%, indicating that 63.2% of the variance in the dependent variable, namely the role of talent management, is accounted for by the independent variable, organizational performance. Additionally, the model fit value of 0.000 is statistically significant, suggesting that the independent variable has a predictive influence on the dependent variable.

The coefficient of the regression model, which is 1.536, signifies the direction of the kinship between the role of talent management and organisational performance. The study's findings revealed a substantial affirmative kinship between talent management and organizational performance ( $\beta$ -value=1.532, p-value=0.000). This implies that an increase in talent management is associated with a corresponding increase in organizational performance, and vice versa.

### CONCLUSION AND RECOMMENDATIONS:

The study has focused on the impact of talent management on organizational effectiveness and performance. By considering the above findings of the study it is evident that, management of talents plays an important role on the performance of the organizations. This explains about the way, the modern companies involve in improving organizational efficiency that ultimately focus on enhancing the performance and quality of organizations in the present business world. Finally, talent management should be considered in any company to increase or improve or enhance its performance.

By considering the findings of the study, the following recommendations can be given and considered:

- IT companies should always update their policies and practices, rules and regulations about the talent management system in the company in order to come out with an

efficient way to permanently retain and improve the talents among the employees of the organization.

- IT Organizations always should enhance continuously and invest in their talents because talent management is a long term and a permanent and current initiative for both existing and future gain of welfare to the employees as well as to the company.
- The study suggests that organizations should provide customized and supportive work environments for their employees, as top talents significantly contribute to improved organizational performance. Such an approach can help mitigate the risk of employee poaching by other organizations.

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