DRIVING TALENT MANAGEMENT PRACTICES TO ORGANIZATION PERFORMANCE - HCL TECHNOLOGIES

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ABSTRACT

To succeed in an increasingly competitive and demanding global environment organizations must continuously improve their performance. To do so, they require sustained performance improvement from their employees. Organizations are increasingly realizing that high performance talent management system is associated with significant economic returns. Employee talent is the most valuable asset. Optimizing that asset through comprehensive performance management is key to organizational success. The purpose of the study was to find out the impact of talent management practices on organizational performance in HCL technologies. The findings show that there is an impact of talent management practices on the organization performance. If this talent is appropriately managed and deployed at the right places, then, the organizations can make their captive use in order to increase their growth and profitability.

Keywords: Talent management, Competencies, Organizational performance.

INTRODUCTION

In the words of Dave Ulrich (1997) “HR should not be defined by what it does, but by what it delivers –results that enrich the organization’s value to customers, investors and employee”

According to Watson and Wyatt survey (2002) organizations need strategic support of employees in new economy. People are more important than ever, people are the only sustainable source of competitive advantage.

Successful organizations know to win in today’s competitive market place they must attract, develop and retain talented and productive employees. Winning organizations get their competitive edge from performance management system that helps them hire talented people
place them in the right position, align their individual performance with the organization’s vision and strategic objectives, develop their abilities, and reward performance commensurate with contributions to the organization’s success.

Effective management of talent is more urgent than ever. Many organizations are experiencing a shortage of top talent as well as greater competition for critical skills. New technologies rapidly changing business models, inevitable economic fluctuations, and globalization of the market have all increased demand for new capabilities of human resources and continuous improvement in their performance.

Talent management has moved to the pinnacle of many organizations’ objectives along with generating revenue and managing costs, because they need the best talent in order to produce more with high quality, at greater profitability. The best organizations link the critical owner’s of talent i.e., senior leadership, HR, and line management together to drive that improved performance.

Failure to connect the various parts of the talent management and development chain in either the best or worst of times can lead an organization to inconsistent and haphazard performance. A good performance management system designs competencies, taps into the talent pool, engages senior leadership, to own the talent, use technology, and tie the critical aspects of talent management together to show consistent business performance improvements.

REVIEW OF LITERATURE

Talent Management Practices

Talent management forms the basis for creating a framework for understanding, and more importantly, for investing in a firm’s sustainable competitive advantage. Organizational Resources, Human Resources, and Physical Resources are three types of capital resources that can be identified as the source of a business competitive advantage. Examples of a firm’s organizational capital resources are Organizational Planning & Control and firm’s Organizational Structure. Examples of a firm’s human capital according to Lewis and Heckman, (2006) are the knowledge of a firm’s employees coupled with their judgment and skills, tacit knowledge and intellectual property. Talent management is an aspect of organizational culture that captures one source of competitive advantage that is human resources.
The importance of global talent management practices is evidenced by academics and HR practitioners alike. Similar to the results from the Manpower Talent Shortage Survey (2011), the general consensus is that organizations face intense competition for talent worldwide and confront major challenges in attracting, retaining, and developing people they need in many positions. Also in the current environment where the economic, political, and financial conditions are changing so rapidly, it is important for multinational organizations to scan the environment on a continuous basis to better understand the nature of changes in the workforce demographics, job structures and labor markets, both locally and globally in order to identify key gaps between the available talent and the talent required to support organizational goals and objectives.

Baum (2008) said that talent management is an organizational mindset that seeks to assure that the supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives. Talent consist of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential. Talent management practice is increasingly seen as a critical factor in developing successful organizations and is a strategic priority for businesses (Davies and Davies, 2010).

Talent management practice is the systematic attraction, identification, development, engagement or retention and deployment of those individuals with high potential who are of particular value to an organization (CIPD, 2006).

Armstrong and Baron (2007) claimed that talent management practice is being viewed as a comprehensive and integrated set of activities to ensure that the organization attracts, retains, motivates and develops the talented people it needs now and in the future (Hariss and Foster, 2010).

Talent is one of the most critical factors in achieving organizational effectiveness. Organizations work towards the achievement of their mission and strategic objectives. This requires a thorough understanding of the resources required for achieving the same. Now a day’s most of the companies realize that if they can attract, hire and retained top talent, they will have a competitive advantage. The goal of talent management is to create a high-performance,
Competitive advantage, sustainable Organization that meets its strategic and operational goals and objectives. Talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Stevenson, 2009).

Many organizations believe that effective talent management practices can be a critical source of differentiation in today’s highly competitive, globally integrated economy. At the same time, industries face their own set of unique challenges a situation that has led enterprises to focus on different pieces of the talent management puzzle. As organizations change or refine their focus moving in and out of industry niches within which they compete they should reconsider the applicability of existing human- capital practices to their new business strategies and adjust accordingly (Barney, 2008).

THEORETICAL FRAMEWORK

Resource-Based View

Resources are the fundamental units of value generation. They can be specialized and bundled together in highly distinctive configurations to lend firms special competitive advantage. The resource-based approach sees firms with superior systems and structures as being profitable not because they engage in strategic investments that may deter entry and raise prices above long-run costs, but because they have markedly lower costs, or offer markedly higher quality of product performance (Teece et al., 1997).

This approach assumes that firms’ outstanding performance comes from the rents accruing to the owners of scarce firm-specific resources rather than the economic profits from product market positioning. The resource based view (RBV) is the dominant theory in strategy literature (Newbert, 2007); it explains sustained and superior performance as a function of the heterogeneity of firm-specific resources such as brands, customer relationships and distribution partnerships (Barney, 1991). However, others feel that RBV has failed to make a major contribution to our understanding of competitiveness as the definition of resources is vague and tautological (Priem and Butler, 2001). As a result, the theory of dynamic capabilities side-steps this criticism by focusing less upon identifying the static advantage-creating resources, such as
brands, to focus more upon exploring how these resources are created and used for competitive advantage.

**Talent-Based Theory**

Talent-based theory of the firm postulates that talent is the only resource that provides sustainable competitive advantage, and therefore, the firm’s attention and decision making should focus primarily on talent and the competitive capabilities derived from it (Roberts, 2008). The firm is considered being a talent integrating institution. Its role is neither the acquisition nor the creation of organizational talent; this is the role and prerequisite of the individual. Talent resides in and with individual persons; the firm merely integrates the individually owned talent by providing structural arrangements of co-ordination and co-operation of specialized talent workers. That is, the firm focuses on the organizational processes flowing through these structural arrangements, through which individuals engage in talent creation, storage, and deployment (Roberts, 2008). The concept of talent in regard to talent based theory is extremely impoverished in many enterprises. Talent is not seen as something above-average, but something that fits well certain expectations. Various types of projects created and implemented in diverse organizations programs raise objections. They indicate the risk of inconstancy in talent management. Hence, the suggestion that the term talent management should be replaced with talent development, which means to create appropriate environment for talents identification, development, and exploitation. An organization that develops talents is the one that cares for the development of organizational culture and simultaneously has results of it, as probably the talented employees have opportunities there for self-realization. The processes are the success factors that should arise so that the people indeed want to give everything of themselves of what is possible to give, and even more. It also constitutes the management style which rejects the haphazardness, and replaces it with a constant improvement of working conditions and management (Lepak and Snell, 2002).

**Competence-Based View**

The competence-based view, primarily represented by Sanchez (2001) argued that firms should utilize competence in order to reach set goals, regardless of whether it is reduced costs or competitive advantage. But the core of the competence-based perspective lies in its approach to the nature of knowledge, and of its discussion of learning processes (Sanchez, 2001). For
instance, the difference between data, information, knowledge and interpretive framework is highlighted as the difference between learning and sense-making. A key feature of this school of thought is the transformation of talent into competence, which is made through learning cycles, encompassing individual, group and organizational learning (Sanchez, 2001).

Competency-based talent management is broadly appealing because it is so intuitively linked to the ultimate talent management goal: successfully building and maintaining competence - for example an effective or, better still, high-performing workforce. The implication of this is that by hiring individuals who possess the right competencies in regard to behavioural tendencies and capabilities, an organization can increase the overall competence of its workforce and its ability to do the work at hand. The ability to link competencies within individual workers to demonstrated competence on the job is especially appealing for organizations that have typically had difficulty quantifying performance quality. A useful definition will vary greatly from one service event to another, and it is entirely possible that a variety of behaviourial approaches can all lead to equally positive service outcomes. Instead of attempting to define effective performance in terms of a well-defined task, the challenge in this type of situation is in capturing those service-related behaviours that are most likely to lead to a positive customer reaction. This is where a focus on competencies can make sense. Competency modeling is a change management process requiring thorough evaluation and effective communication before, during and upon implementation. When well executed, competency models can define and elevate an organization’s talent brand (Stahl et al., 2007).

Talent Management Practices

The idea of talent management was originated from Lepak and Snell’s (1999, 2002) differentiation perspectives which suggested that a firm’s HR architecture should be varied by different value and uniqueness of an employee’s skills. In fact, the concept has been mentioned in 1988 by Zuboff which suggested that the talent should be classified by difficulty-to-replace and value, the strategic talent implications of these classifications and the recommended specific actions. , Becker and Huselid (2006) officially proposed the concept of strategic talent management as differentiating the HR architecture contingent on strategic business practices which emphasize on strategy implementation and focus on differentiated HR system fit with different groups of human capital in an organization. Collings and Mellahi (2009) defined
Talent management as activities and processes that involve the systematic identification of key competencies which differentially contribute to the organization’s sustainable competitive advantage. Organizations are dedicated on the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of differentiated human resource architecture to facilitate competencies accumulation with competent incumbents and to ensure their continued commitment to the organization. Based on Three streams of thought around the concept of talent management were identified by Lewis and Heckman, (2006). The first stream substitute’s talent management for human resources management, the second stream focuses on the projection of staffing needs and managing employee progression, the third stream focuses on managing the performers and the players as the talented people. A fourth stream could also be identified as one that focuses on the identification of strategic positions (Collings and Mellahi, 2009). The concept of talent management has developed to be one of the biggest challenges facing organizations on the global marked (Frank & Taylor, 2004). The demand for superior talent has increased as more and more companies are feeling the impact of competition for labor in a global market. The labor market has entered a new era as a result of innovation, knowledge development, globalization and increased competition (Sheehan, 2012).

The rise of talent management focus in organizations is becoming more complex, turbulent and contradictory than ever before in addition to creating new strategies on how to manage talent (Cheese et al., 2008). Talent management is seen as a tool to strategically gain competitiveness and efficacy by incorporating and maintaining knowledgeable individuals. HRM practices like workforce planning and talent development, training and management are central components in the business strategy and are integrated into everyday process throughout an organization. It is considered that this perspective is in ensuring HR becomes strategic in business. This implies that the HR line managers and senior executive management are engaged in the talent management process through close cooperation with each other (Rothwell & Kazanas, 2004). In order to get significance from talent management practice, an organizational agreement on talent definition desires to be established within the organization, matching the business goals, strategy, value and vision (Tansley, 2011).

Talent management approach needs to be strategic, integrated and proactive to managing talent. First, in order to make talent management a strategic priority and ensure competitive advantage,
Farley (2005) highlights that the business goals need to be translated into workforce needs in order to drive success.

Heinen and O’Neill (2004) state: to be successful, the talent strategy must be aligned with an organization’s business strategy and human capital context”. Second, talent management approach needs to be integrated in corporate and HR practice including the daily work processes. Talent management involves an array of interdependent policies and procedures that need to be well integrated – the organization will not achieve the desired level of human capital performance if talent management processes do not operate as a cohesive whole (Heinen & O’Neill, 2004). There is considerable evidence that shows organizations worldwide are having difficulty finding the right talent (Robinson % Weitzman, 2011, Sridharan, 2007). The recent studies by the World Economic Forum and the Boston Consulting Group (2011) and the Manpower Group (2011) show that the shortage of talent problem is truly global: it affects a wide variety of positions in many regions and countries of the world. In the Manpower Group study (2011) it is reported that 34 percent of employers are having difficulty finding suitable talent to fill positions. Japan, India and Brazil are the top three countries in terms of having difficulty filling jobs. This study found that organizations are using several strategies to manage the talent shortages including employee training and development and aggressive recruiting strategies. From a talent management perspective the general consensus is that the structure of work will continue to change creating more challenges for organizations to retain talent. Recent studies provide interesting trends with respect to the future of work (Gratton, 2010, Levit, 2009). Some of the trends include virtual teams, social networks, flexible work hours, remote workstations, contingent workers and more dependence on mobile technology. The role of talent planning to identify future talent needs is important at all levels of the organization (Harttig, 2010). The goal of talent planning is to have an optimal level of talent positioning, which refers to having the right talent at the right place at the right time with the needed competencies and motivation at all levels and all locations of the firms (Guthridge et al., 2008). Talent planning becomes even more critical at a time when most of the economies of the world are recovering from a recession. Learning from a period of recession is becoming an integral part of talent planning (Cheese, 2010). Most organizations are concerned about retaining the current level of talent, but more importantly, attracting new talent when the recession ends regardless of worldwide location. Various studies have been done which relate to talent management.
Mutunga (2009) looked at the factors that contribute the level of employee engagement in the telecommunication industry in Kenya. The study was done for Zain Kenya and the findings were that one of the biggest factor was remuneration and as equally important was training and development. Career growth was also an important factor of employee engagement. Moturi (2013) sought to determine whether talent management is a source of competitive advantage for Kenya Data Networks Ltd. The study found that talent management was an important strategic tool. It was found to create customer focus which enhanced innovation and invention in development of products and services. There was also better and faster decision making due to talent development. This helped the company to be competitive and adaptively survive in the industry which had a boost on financial performance.

Objectives

1) To present a basic understanding of Talent Management and how talent management is related to the Organizational Performance.

2) To examine the impact of talent management on the organizational performance.

Hypotheses

- H1: There is significant impact of all the dimensions of talent management on organizational performance.
- H1.1: There is significant impact of recruiting and attracting on organizational performance.
- H1.2: There is significant impact of compensation and rewarding on organizational performance.
- H1.3: There is significant impact of training and development on organizational performance.
- H1.4: There is significant impact of succession planning on organizational performance.
- H1.5: There is significant impact of defining and retaining talent on organizational performance.

The data for the study was collected from 150 IT professionals working in HCL. Both the exploratory and descriptive research was conducted which includes review of literature and survey which was done through questionnaire.
Data Analysis

Reliability

Reliability was calculated for every dimension separately and the values are shown in the table.

<table>
<thead>
<tr>
<th>S.NO.</th>
<th>DIMENSIONS</th>
<th>No. Of Items</th>
<th>CRONBACH ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recruiting and Attracting</td>
<td>4</td>
<td>.814</td>
</tr>
<tr>
<td>2</td>
<td>Compensation and Rewarding</td>
<td>5</td>
<td>.832</td>
</tr>
<tr>
<td>3</td>
<td>Succession Planning</td>
<td>2</td>
<td>.721</td>
</tr>
<tr>
<td>4</td>
<td>Training and Development</td>
<td>5</td>
<td>.835</td>
</tr>
<tr>
<td>5</td>
<td>Defining and Retaining Talent</td>
<td>4</td>
<td>.742</td>
</tr>
<tr>
<td>6</td>
<td>Organizational Performance</td>
<td>18</td>
<td>.931</td>
</tr>
</tbody>
</table>

**INTERPRETATION:**

The value of Cronbach Alpha is greater than 0.6 for all the dimensions. So, the instrument used for the study is reliable and there is an internal consistency between the items.

**Descriptive statistics**

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>Std dev</th>
<th>Std err</th>
</tr>
</thead>
<tbody>
<tr>
<td>Succession Planning</td>
<td>150</td>
<td>3.34</td>
<td>.052</td>
<td>.762</td>
</tr>
<tr>
<td>Retaining talent</td>
<td>150</td>
<td>3.92</td>
<td>.699</td>
<td>.049</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>150</td>
<td>3.43</td>
<td>.629</td>
<td>.044</td>
</tr>
<tr>
<td>Compensation and Rewarding</td>
<td>150</td>
<td>3.45</td>
<td>.860</td>
<td>.060</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>150</td>
<td>3.49</td>
<td>.774</td>
<td>.054</td>
</tr>
<tr>
<td>Recruiting and attracting</td>
<td>150</td>
<td>3.55</td>
<td>.773</td>
<td>.052</td>
</tr>
</tbody>
</table>

**INTERPRETATION**

As per the analysis in the above table, the value of mean of every dimension ranges from 3.34-3.55 and hence, it can be concluded that it is an Above Average Mean.
### t-Test

<table>
<thead>
<tr>
<th></th>
<th>Mean difference</th>
<th>Std err difference</th>
<th>t</th>
<th>df</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>.148</td>
<td>.089</td>
<td>1.663</td>
<td>149</td>
<td>.098</td>
</tr>
<tr>
<td>Retaining talent</td>
<td>.103</td>
<td>.110</td>
<td>1.655</td>
<td>149</td>
<td>.001</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>.801</td>
<td>.108</td>
<td>.744</td>
<td>149</td>
<td>.004</td>
</tr>
<tr>
<td>Compensation and Rewarding</td>
<td>.233</td>
<td>.121</td>
<td>1.920</td>
<td>149</td>
<td>.002</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>.204</td>
<td>.109</td>
<td>1.862</td>
<td>149</td>
<td>.000</td>
</tr>
<tr>
<td>Recruiting and attracting</td>
<td>.103</td>
<td>.110</td>
<td>.930</td>
<td>149</td>
<td>.056</td>
</tr>
</tbody>
</table>

### INTERPRETATION

From the t-test values from the above table we can interpret that Talent management practices have positive relation with the organization performance.

### Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Recruiting and attracting</th>
<th>Retaining talent</th>
<th>Succession Planning</th>
<th>Compensation and Rewarding</th>
<th>Training &amp; Development</th>
<th>Organizational performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting and attracting</td>
<td>1</td>
<td>.635**</td>
<td>.642**</td>
<td>.649**</td>
<td>.534**</td>
<td>.773**</td>
</tr>
<tr>
<td>Retaining talent</td>
<td></td>
<td>.609**</td>
<td>.750**</td>
<td>.720**</td>
<td>.792**</td>
<td></td>
</tr>
<tr>
<td>Succession Planning</td>
<td></td>
<td></td>
<td>.648**</td>
<td>.602**</td>
<td>.755**</td>
<td></td>
</tr>
<tr>
<td>Compensation and Rewarding</td>
<td></td>
<td></td>
<td></td>
<td>.608**</td>
<td>.768**</td>
<td></td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>.716**</td>
</tr>
</tbody>
</table>
INTERPRETATION

According to the analysis shown above, all the dimensions are positively correlated with each other as value of r i.e. Pearson correlation coefficient ranges from +1 to -1. The dimensions of talent management show a moderate +ve linear relationship with each other. There is also a strong +ve linear relationship between all the dimensions of talent management and organizational performance.

Regression analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std err</td>
<td>beta</td>
<td></td>
</tr>
<tr>
<td>constant</td>
<td>.450</td>
<td>.108</td>
<td>4.480</td>
<td>.000</td>
</tr>
<tr>
<td>Recruiting and attracting</td>
<td>.280</td>
<td>.036</td>
<td>.309</td>
<td>6.930</td>
</tr>
<tr>
<td>Compensation and rewarding</td>
<td>.251</td>
<td>.390</td>
<td>.285</td>
<td>5.356</td>
</tr>
<tr>
<td>Succession planning</td>
<td>.199</td>
<td>.348</td>
<td>.242</td>
<td>5.222</td>
</tr>
<tr>
<td>Training and development</td>
<td>.063</td>
<td>.044</td>
<td>.077</td>
<td>1.456</td>
</tr>
<tr>
<td>Defining and retaining talent</td>
<td>.133</td>
<td>.043</td>
<td>.147</td>
<td>3.110</td>
</tr>
</tbody>
</table>

INTERPRETATION:

According to the analysis shown above, there is 30.9% impact of recruiting and attracting on the organizational performance which is the dependent variable.

There is 28.5% impact of compensation and rewarding on the organizational performance

- There is 24.2% impact of succession planning on the organizational performance.
- There is 7.7% impact of training and development on the organizational performance.
- There is 14.7% impact of defining and retaining talent on the organizational performance.

On the basis of the analysis, in case of the dimensions like recruiting and attracting, compensation and Rewarding, succession planning and defining and retaining talent, the values are significant. So, in this case, we accept the alternate hypotheses.

But in case of training and development, the value is not significant and hence, we accept null hypotheses.

**Findings**

Out of the total 150 respondents, it was found out that the employees are satisfied with Talent Management practices like recruitments, compensation and rewards, succession planning, training initiatives and retention strategy of the organizations in organization. The employees feel that their organization has good reputation in the eyes of the clients and their organization has high productivity and performance as compared to the others in the industry. The impact of the dimensions such as recruiting and attracting, compensation and rewarding, succession planning came out to be high on the dependent variable which is the organizational performance as compared to the dimensions such as training and development and also defining and retaining talent whose impact on the performance of the organization is a little less. The employees also feel that the organizations in the organization need to focus more on their talent retention strategies in order to minimize attrition and hence, enhance the overall organizational performance.

**Conclusion**

The present study incorporates the results based on data analysis of the talent management practices and their impact on the organizational performance in the study organization. According to the analysis and the above study, the talent management is positively related to the overall organizational performance. But there is a partial impact of the practices on the performance. The employees feel that in order to improve its talent management and also the performance and productivity, the organizations can improve their learning and development initiatives and also focus a little more on their retention strategies. And if the organizations are able to do so successfully, then, the organizational performance will automatically go higher. Besides that the employees feel that the organizations are able to manage their talent effectively and hence, they agree that the organizational performance is also high. In other words, we can
conclude that talent management has a significant partial impact on the organizational performance and hence the organization should integrate it with its business plans or strategies in order to enhance their performance, productivity and profitability which will help them to be more successful and also to establish themselves in the market by gaining a competitive edge in this changing business environment and economy.

References


