**Introduction**

*At its heart Talent Management is simply a matter of anticipating the need for human capital and setting out a plan to meet it.* - Peter Cappelli

In this volatile, uncertain, complex and ambiguous i.e. VUCA environment there is a need for continuous upgradation of knowledge. The reason behind this is, what skill makes an employee successful in a particular role today, may not be relevant tomorrow. There is a need to manage the talent, because it is not only necessary that employees possess the right skills in contemporary times, but they should have potential to learn new skills in the future.

Thus it is evident that in today’s global economy, the organization has to face plethora of challenges. The organization can flourish only with the contribution of their invaluable asset. This realization has helped the organization to recognize the fact that their human assets are critical for achieving success in the fast paced knowledge economy. Talent management can provide answers to many significant questions which are essential for running the organization and it also prevents the organization to implement irrelevant personnel/HR policies. It not only helps the organization to find a right fit between employee and organization, but it also helps in developing the employees who have potential to contribute significantly to the organization.

The organizations have to do the herculean task as a result of emerging markets which are growing by compound rate of as much as 40% and finding talent to keep with that growth. The other impediment is that organizations of developed countries try to export the talent strategies which have abysmal results.
With the radical change in the economy, there is a paradigm shift in managing the business. The organization has to face the challenge of managing a highly volatile talent pool. It is a daunting task for organizations to identify, select, develop & retain the “super keepers” or potential talent. It is further complicated by the practices like “Job poaching”. It is a paradoxical situation that when an employee leaves the organization, it is considered as attrition in one organization while for another organization it is an opportunity (talent acquisition). As there is a more demand for skilled professionals and the organizations are ready to pay handsome salary the talented employees are pushed towards “Job hopping”. Therefore this has become a strategic need of the organizations in this turbulent global environment to allocate, acquire, utilize, develop and retain their potential talent. The organizations are now restructuring themselves into a modern, networked & knowledge based companies.

According to Deloitte Pulse survey (2005), which covers almost 1,400 HR practitioners worldwide, has confirmed that the most critical people management issues are attracting & retaining high caliber workers. This study showed that the level of significance is consistent, with 69% citing recruitment as important and 66% are concerned about retention. Respondents of this survey identified a clear link between talent management & business performance. More than half (54%) of the respondents believed that talent issues have an impact on the overall productivity & efficiency of the organization and 40% said that lack of talented people affected the firm’s ability to innovate and sustain competitiveness in the challenging business environment.

The definition of “talent” can also vary between organizations or within the same organization overtime. Many organizations seek to map individuals across the organizations
in terms of performance and potential, and it is those who are identified as high performers with high potential who are most often the focus of talent management.

Talent management is a term that emerged in 1990’s to incorporate development in Human Resource Management which placed more of an emphasis on the management of human resources or talent. The term was coined by David Watkins of Softscape published in article in 1998. However the connection between human resource development and organizational effectiveness has been established in 1970’s.

The “war for talent” was officially launched in 1998 when Mckinsey & Company, America’s largest and most prestigious management consulting firm concluded that the most important corporate resource for the next twenty years would be smart, sophisticated business people who are technologically literate and have the global exposure. In Mckinsey survey it was found out those corporations which were successful in absorbing, developing and keeping talented managers are more profitable. This changed the way corporations looked at talented people, and convince them to take them as their sources of competitive advantages. Initially, Talent management was rather elitist, with the focus on top managers of the organization. This line of thinking was defended by the fact that these top leaders would be the future of the organization and their position of influence over the employees in their business units meant that if they are developed by the organization, the impact on other employees will be massive. As the time moved on the talent management program was extended to other employees also. In contemporary organization includes high potential employees, senior managers and recent graduates in the talent management pool.

Talent management is considered as the last wave in human resource management. A key word analysis research around talent management by Google website on 2007 showed that
nearly 5750000 search the word talent or related words like talent management, talent management tools, pragmatic guides for talent management etc. (Gay & Sims, 2007).

The term “Talent Management” is usually associated with competency based management. Talent management decisions are often driven by a set of organizational competencies, as well as position specific competencies. The competency set may include knowledge, skills, experience and personal traits (demonstrated through defined behaviours).

A talent marketplace is an employee training and development strategy that is set in place within an organization. It is found to be most beneficial for companies where the most productive employees can pick and choose the projects and assignments that are most ideal for the specific employee. An ideal setting is where productivity is employee centric and tasks are described as “judgment based work”, for example in a law firm.

The point of activating a talent marketplace within a department is to harness and link individual’s particular skills (project management or extensive knowledge in a particular field), with the task at hand. Examples of the companies that implement the talent marketplace strategy are American Express and IBM.

In current economic conditions, many companies have felt the need to cut expenses. This should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization. However, within many companies the concept of human capital management has just began to develop.

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Thus it can be said that talent management is about gathering information about talent, analysing their career interests and organizational business needs, identifying top talent and successes and developing the individuals to reduce the risk of losing the best people and experiencing extensive leadership gaps when turnover occurs. It is the additional management processes and opportunities that are made available to people in the organization who are considered to be talent. Every organization has a talent management system whether it recognizes or not.

It is a part of evolution of talent management technologies. The talent management strategy may be supported by technology such as HRIS (Human Resource Information System) or HRMS (Human Resource Management System). Modern techniques also used competency based management technologies to capture and utilize the competencies appropriate to strategically drive an organization’s long term plans.

Companies that engage in talent management (Human capital management) are strategic and deliberate in how they source, attract, select, train, develop, retain, promote and move employees through the organization. Research done on the value of such systems implemented within the companies consistently uncovers benefits in these critical economic areas i.e. revenue, customer satisfaction, quality, productivity, cost, cycle time and market capitalization. The mindset of this more personal human resource approach seeks not only to hire the most qualified and more valuable employees but also to put strong emphasis on retention.

From a talent management standpoint, employees’ evaluation concern two major areas of measurement; performance and potential. Current employee performance within the specific job has always been a standard evaluation measurement tool of the profitability of an
employee. However, Talent management also seeks to focus on an employees’ potential, meaning an employees’ future performance, if given the proper development of skills and increased responsibility.

Today the organizations have learned the hard way that investing in people like investing in stock, is no sure thing. Even the best laid succession plans cannot be successful if talented people leave the organization before filling the role for which they have been trained. Most of the organizations are very cautious in betting everything on a few high profiles, blue chip stars. Given the volatility and uncertainty of today’s talent market, the companies are taking a more conservative and balanced approach to investing in their future leadership.

Talent management is a subset of strategic HRM and it aims to develop and leverage human capital. Talent is used collectively to describe those employees who are perceived by the organization as exceptional employees. A worsening shortage of high skilled and high potential workers is the biggest challenge faced by the organizations in contemporary times. Therefore it is imperative for the organizations to put the right talent at the right job otherwise it will result into a misfit where a square peg is tried to be fit in the round hole.

Effective talent management requires a balancing act of minimizing the risk. Organizations typically have core criteria such as industry experience, graduation from elite institutions or a proven track record of accomplishments. Yet, the focus on these values must be kept in balance to be effective over time.

Therefore the call of the day is that talent managers should think like innovative business people and not fall into the traditional HR mindset. If an organization hires correctly employees will want to be star performers and they can be managed through honest communication and common sense. Therefore the organizations which implement Talent
management programs know where their best people are, how to hold on to them and where
the next generation is coming from. These organizations make all efforts to fully align
employees’ interest with that of organizational goals.

Managing talent effectively requires the blending of the needs of individual talent
management with the organizational needs. There is a need to develop the entire talent pool
in a way that improves the overall standing of the business. Real talent management draws
on the ability to make employees more wilfully independent, as well as being able to
harness the talents of maverick employee and leaders. The talented individuals are
considered as mavericks because they have vision strength of purpose, drive and direction
for the goals they want to achieve. Therefore it is crucial that their goals should be aligned
with that of the organization.

Most of the leaders are coming to realize that building a strong pool of talent is central to
their company’s success. They are coming to realize that they have a critical role to play in
making the things happen. A company’s ability to attract, develop, deploy and retaining
talent provides it a competitive advantage. For most companies, responding to this new
challenge will require that they substantially improve the way they manage talent. Quite
simply, most of the organizations today do not manage their senior managerial talent
particularly well. This is because most of the leaders employed in these organizations don’t
realize that they are the ones with their hands on the talent building levers. They are the ones
that make the hiring and firing decisions, create the working environment, decide
appointments to vacant positions, evaluate performance, and provide feedback and
coaching. But in most cases it is considered that building the talent pool is the job of HR.
Many organizations are of the view that managing talent is the distraction from what’s critically important- managing the business.

To survive in the long term, it is becoming increasingly evident that the two of the most critical factor’s determining the organization’s fate in the current business environment are quality of human capital and the way it manages its talent pipeline.

Unsurprisingly, talent management is one of the key focuses for leading organizations. A recent study by the Boston Consulting Group produced some telling data. The research found that companies that are highly skilled in core HR practices achieve up to 3.5 times the revenue growth and as much as twice the profit margin of less capable companies.

Talent management is a learnable skill. The organizations can and should learn how to manage talent effectively, as they manage the strategic planning or new product development. The organization has to follow certain steps to manage their talent properly. These steps are analysing the talent need; to do a better job of hiring; to develop the internal talent and strategically managing the career path of employees. (Peter Cappelli, HBR, 2013)²

The leaders need to understand that better talent management does not come from having better HR processes or a better HR department. It is the talent mind set which helps the organization to outperform others. It’s the recognition that better talent pulls all the other performance levers. Organizations with talent mind set make talent management a top priority for themselves. The leaders of these organizations understand that talent

management can’t be delegated, so they commit a major part of their time and energy to strengthening their talent pool. Talent management is considered as a central and critical part of their job as a leader. The change in the mind set can be shown with the following table:-

**Table 1.1 Transition from old to new mindset**

<table>
<thead>
<tr>
<th>Old mind set about people</th>
<th>New talent mind set</th>
</tr>
</thead>
<tbody>
<tr>
<td>A vague notion that “People are our most important asset.”</td>
<td>A deep conviction that talent leads to better corporate performance.</td>
</tr>
<tr>
<td>HR is responsible for People Management.</td>
<td>All managers are accountable for strengthening their talent pool.</td>
</tr>
<tr>
<td>We have a two day succession planning exercise once a year.</td>
<td>Talent management is a central part of how we run the company.</td>
</tr>
<tr>
<td>I work with the people I inherit.</td>
<td>I take bold actions to build the talent pool I need.</td>
</tr>
</tbody>
</table>

(Source:-Ivey Business Journal)

Today’s business environment is radically different than that of few years ago. Following the Internet crash of the early 2000’s and subsequent business challenges, like economic slowdown, corporate scandals, the working world is complicated and unpredictable. Under the contemporary circumstances, executives face tremendous pressure to deliver results, build revenue, and cut costs, together with growing the business for the future. This puts
high expectation on talent. Putting the right people in the right job is essential, in the form of leaders who drive front line, revenue generating growth, and back office workers who deliver operational efficiency and productivity to the organization. In this converging shifts and demographics shift environment, companies must resist replicating the old practices and instead of that adopt a more deliberate and precise approach to manage and leverage talent.

The best talent policies respond to changing conditions on the ground and to the cultural differences across the globe. Many top organizations around the world have found that a sense of purpose is an overwhelming differentiation in attracting the top talent. This is because talented people are drawn to the organizations that continuously upgrade and refresh their systems, processes & strategic initiatives. These organizations are continuously exploring the innovative ways of doing their work. Attracting high worth individuals from the market is not everybody’s cup of tea. Targeting these high potential individuals and finally hiring those tests competencies, brain application and personal traits of the organization. The concept of talent management is not restricted to recruiting the right candidate but it extends to exploring the hidden and unusual qualities of the organization employees and developing and nurturing them to get the desired results. Hiring the best talent in this competitive scenario may be the greatest challenge to the organization and getting the best out of them is a much bigger concern. Talent management in organizations is not just limited to attracting the best individuals but it involves the sourcing, hiring, developing, retaining, and promoting them while meeting the organizations requirement simultaneously. If the organization wants to work with the best talent in the market, it needs to attract that individual and offer something which is beyond his imagination, and then there is a possibility that the person will stay in the organization for a longer period of time.
Only hiring the individuals is not enough, but getting things done from them is the main task. Thus talent management is a full-fledged process that extends from talent acquisition to talent retention.

As it is known that human resource is the most important asset of the organization and it is the person who takes the organization to the next level. It is very important for the organization to recognize the talent and align them properly with organizational objectives. Attracting the best of the individuals and then placing them in the right place is the next step. If the employee is placed in a wrong position it will result into multiple problems regardless of qualifications, skills, abilities and competency of that particular individual. Whatever the credentials of a person are, if the person is placed at the wrong position this itself defeats the sole purpose. The process of talent management will not be completed if the right person is not placed at the right job.

Talented people can be expensive and also difficult to manage & retain. A person who is exceptional in one area may be average in the other. An affordable option can be to work with the people and put the right support environment in place to enable them to succeed.

(Coulson- Thomson, 2013)³

**Effective Principles of talent management⁴**

There are certain principles of talent management:-

**Principle 1:-Alignment with strategy**


Corporate strategy is the natural starting point for thinking about talent management. For example, GE’s growth strategy is based on five pillars, technological leadership, services acceleration, enduring customer relationships, resource allocation and globalization. But GE’s top management understands that implementing these initiatives may have less to do with strategic planning than with attracting, recruiting, developing and deploying the right people to drive the effort. The organization began targeting technology skills as a key development requirement during its annual organizational and individual session process which it calls Session C. In all business segments, a full block of time was allocated to a review of the business’s engineering pipeline, the organizational structure of its engineering function and an evaluation of the potential of engineering talent. This Session C moved more engineer’s into GE’s senior executive brand. Strategic flexibility is important and organizations must be able to adapt to the changing business conditions and revamp their talent approach when necessary. Another example can be taken to substantiate this point. Oracle, the hardware and software company found that its objective goal setting and performance appraisal process was no longer adequate. Management wanted to add some non-financial and behaviour based measures to encourage people to focus on team targets, leadership goals and governance. This necessitated a significant overhaul of Oracle’s existing performance management systems, investment in line management capability and overall changes to the mind set of line managers and employees.

**Principle 2:- Internal Consistency**

Principle of consistency refers to the way the company’s talent management practices fit with each other. If an organization invests significantly in developing and training high potential individuals, it should emphasize employee retention, competitive compensation
and career management. It should also empower employees to contribute to the organization and reward them for initiative. These practices should be consistently implemented in the organization. Such combination of practices will lead to a whole that is more than sum of its parts. The emphasis on consistency is paramount at IBM, which works hard to assure that its people management systems are consistent across its subsidiaries. To achieve this alignment, IBM combines qualitative and quantitative data collected quarterly to ensure that its practices are consistently introduced and implemented. This organization also conducts an HR customer satisfaction survey twice a year to learn how employees are responding to the programs and to detect areas of employee dissatisfaction.

**Principal 3: Cultural Embeddedness**

Many successful companies consider their corporate culture as a source of sustainable competitive advantage. They make deliberate efforts to integrate their stated core values and business principles into talent management process such as hiring methods, leadership development activities, performance management systems and compensation & benefit programs. While many companies have traditionally focused on job related skills and experience to select people, some multinationals have expanded their selection criteria to include cultural fit. These companies assess applicant’s personalities and values to determine whether they will be compatible with the corporate culture, the assumption is that formal qualifications are not always the best predictors of performance and retention, and that skills are easier to develop than personality traits, attitudes and values. Some organizations have introduced “value based” performance management systems which assess high potential employees not only according to what they achieve but also on how they reflect or exemplify shared values. BT, the British Telecommunications giant has
implemented a performance management system that looks at employees on two dimensions: the extent to which they achieve their individual performance objectives and values and behaviours they displayed to deliver the results. The combined ratings influence a manager’s variable pay. Other organizations are also realizing the importance of balancing financial success with goals such as sustainability, compliance and social responsibility.

**Principle 4: Management Involvement**

The talent management process of successful companies has the ownership of not only HR but also the managers at all levels including, the CEO. Senior leaders need to be actively involved in the talent management process and make recruitment, succession planning, leadership development and retention of key employees their top priorities. One of the most potent tools companies can use to develop leaders is to involve line managers. It means getting them to play a key role in the recruitment of talent and then making them accountable for developing the skills and knowledge of their employees. Unilever believes in recruiting only the very best people. This will happen only when top managers make time for interview even in the face of all their other responsibilities. Line managers can contribute by acting as coaches or mentors, providing job shadowing opportunities and encouraging talented employees to move around within the organization for career development. A Mckinsey study found that more than 50% of CEO’s, business unit leaders and HR executives interviewed believed that insular thinking and a lack of collaboration prevented their talent management programs from delivering business value.

**Principle 5: Balance of global and local needs**

Talent management is complicated for organizations operating in multiple countries. Companies need to figure out how to respond to local demands while maintaining a
coherent HR strategy and management approach. A company’s decision about how much local control to allow depends partly on the industry, like consumer products need to be more attuned to the local market than pharmaceutical or software. Companies need a global template for talent management to ensure consistency but need to allow local subsidiaries to adapt that template to their specific circumstances. While locally adapted approaches create opportunities for diverse talent pools, they limit a company’s ability to build on its global learning in hiring, assessing, developing and retaining top global talent. Organizations that find a balance between global standardization and integration and local implementation have the best of both worlds. They can align their management practices with both local and global needs, resulting in a deep, diverse talent pool.

**Principle 6:- Employer branding through differentiation**

To attract employees with the right skills and attitudes, organization needs to find ways to differentiate themselves from their competitors. Shell uses one global brand for HR excellence and several global practices or processes for all its businesses. The brand highlights talent as Shell’s top priority, each business is then able to take that global brand and apply it locally. It means that rather than having all branding efforts coming from corporate headquarters, each subsidiary receives its own resources, to build the brand in accordance with the local market demands and the need for differentiation. Infosys has taken significant steps to enhance its name recognition, improve its brand attraction and fill its talent pipeline by combining global branding activities with efforts in local communities. The company initiated “Catch them Young” program in India that trains students for a month; the students are then invited to work for Infosys on a two month project. In rural areas, Infosys offers computer awareness program in local languages to help school children
become more comfortable with high tech equipment. Although not initially directed at recruitment and branding, the program has been an effective strategy for enlarging the pool of IT literate and Infosys devoted students in India, which may eventually make it easier to find talented software engineers. Infosys’s global internship program, called INStep, is central to the company’s employee branding effort. It invites students from top universities around the world to spend three months at the Infosys Bangalore campus. It is a part of ongoing effort to make the company more attractive to potential candidates outside India and to tap into the world wide talent pool.

**Advantages of talent management**

The organizations which implement talent management programs are benefitted in multiple ways. Some of the advantages are mentioned below.

- **Right person in the right job:** Through proper assessment of people skills and strengths, proper placement of the people gains strategic agenda. The competency mapping allows the organization to take stock of the skill inventory available in the organization. This is beneficial both from organization and employees perspective as deployment of right person in the right job, increases the productivity. By the proper alignment of individual interests and his job profile, the organization has a dual benefit. Firstly it results into the job satisfaction and secondly the employee is retained for a longer period of time.

- **Retaining the top talent:** Attrition remains the major challenge for the organizations in today’s global economy. Job poaching is rampant. Therefore organizations have to retain their top talent to maintain the growth in the market. Organizations are now emphasizing on strategies to recruit, develop, retain and engage quality people.
Employee growth in a career has to be taken care of, while succession planning should be performed for high potential employees. Those who are on the radar need to be kept in loop so that they know their performance is being rewarded.

- **Better hiring**: The quality of the organization is evident by the type of human resources it possesses. Therefore most of the organizations are implementing talent management programs to enhance the quality of their employees.

- **Understanding employees better**: Employee assessment programs give deep insights to the management of their employees. The organization can chart a better career path for them because it is aware of employee’s aspirations, potential, interests and ability. It is easier to determine what motivates whom and this helps in job enrichment process.

- **Better investment decisions**: The talent management programs help to spot the high potential talent. Thus organization can easily invest in these employees who will contribute positively in the growth of the organization.

Broadly Talent management consists of following practices:

**Talent acquisition**

*Talent acquisition consists of activities such as sourcing, screening, interviewing, assessing, selecting and hiring. In some organization it extends to the early stages of on-boarding and it becomes a shared responsibility of HR & hiring manager. Recruiting is a subset of Talent acquisition.* - Erickson

The talent needs to be acquired at the right time, in the right place and for the right price. Hiring talented individuals is critical to the organization. A poorly designed talent
The acquisition process can miss attractive job candidates because these prospective candidates will never come to find out that a position is open. The talent acquisition can be carried out from both external and internal resources. Though acquiring the right employees can be cumbersome and challenging job but the rewards of a well-constructed strategy are enormous, because effective talent acquisition is the foundation upon which effective talent management program can be built.

In today’s competitive environment talent acquisition and management has emerged as a key strategic process in an organization. Though there is a better availability of workforce in the market than ever before, yet the challenge to acquire the right talent still persists in any organization worldwide. Appropriate talent acquisition is essential to achieve strategic and ensure long term success of an organization. Enhanced corporate competitiveness and globalization has transformed the entire process of recruitment into talent acquisition.

The organization’s task doesn’t end with hiring the right talent in the organization. It includes wide spectrum of activities like career management, leadership development, talent planning etc. Most of the organizations avails the services of outsourcing companies which provides cost effective, quick and high quality talent acquisition process. Leading organizations efficiently and effectively contributes towards recruiting the best and the most appropriate person for the organization with the allocation of minimal resources and within a short period of time. For talent acquisition, organization has to maintain a highly effective research team which keeps a detailed track of the requirements of both the organizations as well as the candidate.

The competitive firms conduct behavioural interviews with the prospective employees to obtain a comprehensive analysis of the leadership, team building and problem solving skills
of the candidate. The candidate is thoroughly assessed for his attitude towards working in a team, response to change management and reaction towards the cultural climate of the prospective organization. Such analysis helps the organization in not only recruiting a candidate with right educational and professional experience, but also one with the required attitude and flexibility to be a part of the organization.

Acquiring of talent has undergone major changes. Traditionally, talent was acquired through different communication channels like word of mouth, classified ads, college placement offices, and internal job posting systems. Major limitation of these tactics is geographical distribution, market and circulation. This process is also time consuming. It takes time to write the ad, place it in selected media, and wait for inquiries, scheduling the interviews and doing other screening practices. The internet has come to the rescue, as it involves meagre cost, is efficient and is accessible by masses.

Most of the organizations are creating the online portals where the prospective candidates can directly apply. To take its maximum advantage both employers and employees are leveraging this technology in record numbers. Monster.com, naukri.com, timesjob.com, hot jobs, Career builder, and many others are adding value on both sides of the employment equation. On one hand it is broadening the reach of the employer and employees, and on the other hand accelerating the speed of linking jobs and applicants. The value addition is done by online screening and analysis tools, resume analysis programs, sophisticated online pre-employment assessments. All this has brought a sea change in the world of acquiring the talent. All these online tools will become more sophisticated in the future by wide use of web phones for immediate interviews and use of video conferencing.
The competitive organizations follow the following strategic process to acquire the required talent in their organization:

- Comprehend the business strategy of the organization.
- Assess the talent availability within the organization.
- Discuss the talent requirements of the organization with the management.
- Analyse the gap areas between availability and requirement.
- Build strategies and plans to meet these gap areas.
- Measure the success of the implemented plans.

**Talent Retention**

*Talent retention refers to various policies and practices which let the employees stick to an organization for a longer period of time.*

Poor retention strategy leads to employee turnover. The organization has to make efforts to retain their top performing employees. The employees leave the organization because of low employee morale, absence of clear career path, lack of recognition, poor employee manager relationship or any other vital issues. By implementing the proper retention strategy the organization can prevent the loss of productive and efficient employees.

Talent retention has become vital in today’s economic scenario in the recent years. Retaining talent is a big and constant challenge for every organization in this competitive environment. Acquisition of talent is a tough task but motivation and retention of talent is a tougher task. Employee retention is of paramount importance, as it helps in reducing turnover, ensures that information of the organization is not lost and it also helps in effective succession planning.
Talent retention is a systematic effort on the part of employers to continuously foster and create an environment, by framing the policies and procedures that address the diverse needs of the employees. Retention of key talent is prudent for the long term viability, survival and success of the organization. Through talent retention employees are encouraged to remain in the organization for maximum period of time or till the completion of the project. Different organizations plan different strategies to retain their high potential talent.

Attrition is the major problem faced by most of the organizations. Employees leave the organization for different reasons, like higher pay, better career prospects, family life, place of working, relations with peers and superiors, lack of career planning in the organization, lack of recognition, organization employee cultural conflict, lack of safe and stimulating working environment etc.

Retaining of high potential talent is emphasized by most of the organizations. Most of the companies are under the impression that if major recruitments are not done, star talents will not leave. But star talent can leave the organization at any time and the companies should have strategy in place much in advance. Exit of an employee before the nine month period can cost up to five times of his or her salary. The organizations have to develop a proactive strategy to retain the talent. Quality of supervision has its impact on employee’s morale, productivity and loyalty towards the organization. As it is rightly said most of the employees leave managers and not organization. The managers have to change their attitude in handling the employees. Their approach towards the employees should be friendlier so that employees do not face any hesitation in putting their points across. They should believe in democratic leadership rather than bureaucratic leadership. Employees should be given the opportunity to share the company’s vision, industry’s growth and how they themselves
Contribution of employees in any capacity should be admired and recognized by the organization.

**Need and importance of talent retention**

Retaining the valuable talent is the call of the day. It is prudent for most of the organizations for following reasons:-

- The organization shortlists few individuals from a large pool of talent, conducts preliminary interviews, if necessary provides training and develop them so that they become fit for the organization. Recruiting candidate is a time consuming and costly process.
- A new employee is completely raw and the organization invests time and money in grooming an individual and makes him fit to work in the organization. The organization time and money both is wasted if the employee suddenly leaves the organization.
- If the employee leaves the present organization, he is most likely to join competitor’s organization. Most of the employees leak all the important data, strategies, information and statistics to the new organization. The previous organization has to pay heavily for it. Therefore most of the organizations are coming out with stringent policies where the employees are asked to sign a contract, which curtails them from leaking any information to the new employer.
- The employees who have worked in the organization for a longer period of time are more familiar with the company’s policies, guidelines and they can contribute effectively to the organization’s growth.
The new employees take pretty amount of time to achieve the compatibility level with the organization. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust them.

The employees who stick with an organization for a longer period of time are more loyal towards the organization. They enhance the goodwill of the organization by praising it and contributing positively towards its growth.

It is indispensable for most of the organization’s to retain their high potential talent as the organization cannot survive for a longer span of time, if all its star performers leave it.

Disadvantages of talent drain

- The organization is at complete loss when the employees quit all of a sudden. Every organization its time and money in training a new employee to bring him at par with the existing employees. Hiring needs to be done all over again and if the wrong person is hired then the whole organization goes for a toss.

- Employees who spend a considerable amount of time in the organization know the intricacies of it and they are pretty aware of its policies and procedures. The new employees will take their own time to realize their potential and are in majority of cases are in the state of dilemma when crucial decisions needs to be taken. Eventually as a result the organization suffers.

- Employees who are in the habit of job hopping are not at all trustworthy. They are not concerned with organization growth and success. The organization which has poor retention policies, in that organization employees are not bothered about its goodwill in the market.
The employees who leave the organization may destroy the goodwill and reputation of the organization by speaking bad words about it.

The organization should reward the employees in both monetary and non-monetary ways. As described by Maslow that firstly the basic needs of the individuals should be catered, then their higher needs can be taken care of. Similarly, if the employees feel that it will be beneficial for them to be in the organization for longer term, they will not leave the organization.

**Talent Development**

*Talent Development is the process of changing an organization, its employees, its stakeholders and groups of people within it, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization.*

Talent development is prudent for the organization. It articulates the workforce capabilities, skills or competencies required to ensure a sustainable & successful organization. It also means developing employees capabilities to underpin organizational effectiveness. It emphasizes on the professional development required by individuals to successfully do their jobs such as technical or job related skills training and related competencies. It also includes career development for individuals and leadership development for all levels of managers, as well as on boarding and mentoring.

Washington Group International, in their paper “The Nuclear Renaissance, A life Cycle Perspective” defined two logical laws of talent development:-

**First law:-** The beginnings of any technology rich business are all characterized by a shortage of large numbers of technically trained people needed to support ultimate growth.
Second law: - The resources will come when the business becomes attractive to the best and brightest who adapt skills to become part of an exciting opportunity.

Talent development places emphasis on the professional development required by individuals to successfully do their jobs such as technical or job related skills training and related competencies. It also includes career development for individuals and leadership development for all levels of managers, as well as on-boarding and mentoring.

The case for developing talent has always been clear: if an organization is to achieve its primary objectives, it must align talent with strategy by developing a workforce with the necessary capabilities. New research by Right Management has revealed an additional key advantage to providing employees with career development opportunities. Talent development not only equips employees to perform, but also inspires them to perform. It motivates them to make the most of the skills and capabilities they acquire. In a study of organizational effectiveness involving more than twenty thousand employees in ten business sectors and fifteen countries worldwide, it is found that providing employee development opportunities has a marked positive impact on employee engagement and a range of other factors directly related to organizational performance.

Talent development not only builds skills and capabilities that can help organizations achieve their strategic goals, but also addresses the motivators driving employees to put their skills and capabilities to optimal use. They want to contribute meaningfully to their organization’s success. By equipping employees to find greater challenge and meaning in their work, talent development promotes engagement and enhances the performance of the individual and the organization alike.
Performance management

Performance management is a process for establishing shared understanding about what is to be achieved and an approach to managing and developing people in a way which increases the probability that will be achieved in the short and long term.-Armstrong (1994)

Performance management includes activities that ensure that goals are consistently being met in effective & efficient manner. It is known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities. Performance management is the process of creating the work environment in which people are enabled to perform to the best of their abilities. It is a whole work system that begins when job is defined as needed and ends when employee leaves the organization.

The concept of performance management gained momentum in the early 1980’s with the development of human resource management. Performance management is a logical process by which an organization involves its employees as individuals and teams in improving organizational effectiveness. The performance management is a logical sequential process and integrated one; therefore it should be planned in systematic and objective manner. The managerial aspects covered under effective performance management are Reward Management, HRD, Team management, Recruitment and selection, HR inventory, Appraisal and Feedback. The organizational aspects covered under effective performance management are Organizational Culture, Learning and Collaboration, Communication, Motivation, Organizational Change and Development. Organizations which have competitive advantage over other organizations are built around elements like values, innovation, vision, mission, purpose and trust. Barring human resources all the organizations are more or less the same. It is the human asset which provides a value
addition to the organizations. Performance management can be a key to the organizational success if implemented properly.

Performance management is the broadest and a complicated function of talent management as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programs and rewarding achievements. The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization. Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

A performance management system consists of following actions:-

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRAs) and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Provide continuous coaching and feedback during the delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotion/ career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

A performance management process sets the platform for rewarding excellence by aligning accomplishments with the organization’s mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviours, it helps the employees in understanding what exactly is expected out of their jobs which are of no use any longer. It’s about striking a harmonious alignment between individual and organizational objectives for accomplishment of excellence in performance.

Key concerns of a performance management system in organization are:-

- Concerned with the output i.e. results achieved, outcomes, processes required for reaching the results and also the inputs i.e. Knowledge, skills and attitudes.
- Concerned with measurement of results and review of progress in the achievement of set targets.
- Concerned with defining business plans in advance for shaping a successful future.
- Striving for continuous improvement and development by creating a learning culture and an open system.
• Establishing a culture of trust and mutual understanding that fosters free flow of communication at all levels to clarify expectations and to share information on the core values which adheres the team together.

• It emphasizes on procedural fairness and transparency in the process of decision making.

The performance management approach has become indispensable tool in the hands of corporate as it is forward looking and it includes the team work of managers and employees for the process of joint planning and goal setting in the beginning of the year. Performance management gained its importance from the times when the competitive pressures in the market place started rising and the organizations felt the need of introducing a comprehensive management process into their system for enhancing the overall productivity and performance effectiveness.

**Evolution of performance management system**

• **First phase:**-The origin of performance management can be traced in the early 1960’s when the performance appraisal systems were in practice. During this period, Annual Confidential reports also known as Employee service records were maintained for controlling the behaviour of the employees and these reports provide substantial information on the performance of the employees. Any negative remarks would ruin the career growth of these employees. The assessments were usually done for ten traits on the ten points or five point rating scale. These traits were job knowledge, sincerity, dynamism, punctuality, leadership, loyalty etc. The remarks of these reports were never communicated to the employees and strict confidentiality was maintained in the entire process. The employees used to remain in the absolute
darkness due to the absence of a transparent mechanism of feedback and communication. This system has so many loopholes.

- **Second phase:** This phase continued from late 1960’s till early 1970’s, and the key hallmark of this phase was that whatever adverse remarks were incorporated in the performance reports were communicated to the employees so that they take corrective actions for overcoming such deficiencies. In this process of evaluating the performance, the reviewing officer used to enjoy a discretionary power of overruling the ratings given by the reporting officer. The employees usually used to get a formal written communication on their identified areas of improvements if the rating for any specific trait used to below thirty three percent.

- **Third phase:** In this phase the term annual confidential report was replaced by performance appraisal. One of the key changes that were introduced in this stage was that the employees were permitted to describe their accomplishments in the confidential performance reports. The employees were allowed to describe their accomplishments in the self-appraisal forms in the end of a year. Besides inclusion of the traits in the rating sale, several new components were considered by many organizations which could measure the productivity and performance of an employee in quantifiable terms such as targets achieved etc. Certain organizations also introduced a new section on training needs in the appraisal form. However, confidentiality element was still being maintained and the entire process continued to be control oriented instead of being development oriented.

- **Fourth phase:** This phase started in mid-1970 and its origin was in India and the companies like Larsen & Toubro, followed by State Bank of India and many others
introduced appreciable reforms in this field. In this phase, the appraisal process was more development driven, performance based, participative and open instead of being treated as a confidential process. The system focused on performance planning, review and development of an employee by following a methodical approach. In this entire process, the employee and his supervisor mutually decided upon the key result areas in the beginning of a year and reviewed it after every six months. In the review period various issues such as factors affecting the performance, training needs of an employee, newer targets and also the ratings were discussed with the employee in a cordial environment. This phase was a welcoming change in the area of performance management and many organizations introduced a new human resource department for taking care of the developmental issues of the organization.

- **Fifth phase:** This phase was characterized by maturity in approach of handling people’s issues. It was more performance driven and emphasis was on development, planning and improvement. The emphasis was given on culture building, team appraisals and quality circles were established for assessing the improvement in the overall employee productivity.

The performance management system is still evolving and in the near future one may expect a far more objective and a transparent system. A well designed performance management system can play a crucial role in streamlining the activities of the employees in an organization for realizing the ultimate corporate mission and vision. Performance management is a useful tool for aligning all the major organizational functions and sub functions so that the focus is directed towards attainment of the organizational goals. It is a
much broader system as it is linked with the processes of planning, implementing, reviewing and evaluating, for augmenting growth and productivity at both individual and organizational level. By clearly defining both individual and team based responsibilities in the form of key result areas as well as by creating an understanding of shared mutual accountabilities, a good performance management system enables, empowers and facilitates the development of staff members.

Performance management is a strategic tool and is holistic in nature as it pervades in every activity of the organization which is concerned with the management of the individual, team and the overall organizational performance. This process is indispensable and very important for an organization as it is concerned with establishing a culture in which the individuals and teams can excel by continuously improving in terms of skills sets and the business processes. It facilitates improvement of quality of relationship amongst members of the organization by encouraging sharing of expectations and building a climate of openness and mutuality. The significance of performance management has grown in recent times because most of the organizations are giving a lot of importance to employee development and talent management. The contemporary organizations are working towards grooming the competencies of the employees for maintaining a leadership in the competitive market and performing outstandingly.

The effective performance management system must consist of following components:-

- **Performance planning**: Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the evaluator and also the appraiser in the beginning of a performance session. During this period, the employees decide upon
the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee.

- **Performance appraisal and reviewing**: The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the evaluator first offers the self-filled up ratings in the self-appraisal form and also describes his/ her achievements over a period of time in quantifiable terms. After the self-appraisal the final ratings are provided by appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the appraiser for analysing the causes of loopholes in the performance and how it can be overcome.

- **Feedback on the performance followed by personal counselling and performance facilitation**: Feedback and counselling is emphasized in the performance management process. This is the stage in which the employee acquires awareness from appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified. The appraiser adopts all possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counselling and guidance, mentoring and representing the employee in training programs which develop the competencies and improve the overall productivity.
• **Rewarding good performance:** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self-esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.

• **Performance Improvement plans:** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the employee and the appraiser and is mutually approved.

• **Potential appraisal:** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

**Employee Engagement**

The Hay Group defines engaged performance as “*a result that is achieved by stimulating employee’s enthusiasm for their work and directing it toward organization success. This result can only be achieved when employers offer an implicit contract to their employees that elicits specific positive behaviours aligned with organizational goals*”
Although the term “Employee engagement” was conceptualized by William A Kahn\(^5\) in 1990, its origin can be traced back to as early as 1920’s from studies of morale or group’s willingness to achieve organizational objectives. The value of morale to organizations was matured by the US army during the World War II to predict the unity of effort and their readiness to go to any extent for the well-being of the organization. A term was required to describe this emotional attachment of employees to the organization, their fellow associates and the job. This gave birth to the term “Employee Engagement”. Engaged employees consider themselves to be an integral part of the organization and contributed their best for the organizational success.

Hawthorne effect\(^6\) can also be cited as an example of employee engagement. The Hawthorne effect is a form of reactivity whereby subjects improve or modify an aspect of their behaviour being experimentally measured in response to the fact they are being studied, and not because of any experimental manipulation. A study was conducted at Hawthorne Works, a Western Electric factory outside Chicago, between 1924 to 1932, to determine whether workers would become more productive in higher or lower levels of light. After the study, it was suggested that the increase in productivity was due to the motivational effect of the interest being shown.

Several studies and surveys have been conducted over the past few years on the employee engagement and each of these studies has revealed the different aspect of the term.

\(^5\) Kahn, W.A. (1990) Psychological conditions of personnel engagement and disengagement at work, Academy of Management Journal

According to the survey done by Blessing White (2008), a global consulting firm based in US, in partnership with HR Anexi, a leading HR consulting firm based in Mumbai. The survey defines “employee engagement” as an alignment of maximum job satisfaction with minimum job contribution. By plotting a population against these two axes, the employees were classified into following five segments i.e. The engaged, almost engaged, honeymooners & hamsters, crash & burn, and the disengaged. The brief description about various types of employees based on their satisfaction and contribution is given in the table below:-

Table 1.2: - Segments of Employee Engagement based on their satisfaction and Contribution at work

<table>
<thead>
<tr>
<th>Segment</th>
<th>Satisfaction</th>
<th>Contribution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Engaged</td>
<td>High</td>
<td>High</td>
<td>These employees are at the apex; they contribute strongly to the success of the organization, and find great satisfaction in their work. They are ready to take initiative and are committed to the organization.</td>
</tr>
<tr>
<td>Almost engaged</td>
<td>Medium to high</td>
<td>Medium to high</td>
<td>These employees are among high performers, and are reasonably satisfied with their current job. They are great at risk taking.</td>
</tr>
<tr>
<td>Honeymooners &amp; Hamsters</td>
<td>Medium to high</td>
<td>Low</td>
<td>Honeymooners are new to the organization or their role. This phase lasts for 12 to 18 months. Employees are satisfied with their work but people are still to find their stride and how to contribute fully to the organizational goal. Hamsters are more tenured individuals, who may perceive them to be highly contributing to organizational goals, but in effect are “spinning their wheels”, and contributing very little to the success of the organization.</td>
</tr>
</tbody>
</table>
| Crash & Burn          | Medium to high     | Low          | Disillusioned & potentially exhausted. These employees are high producers, but they grow bitter due to lack of personal satisfaction. They may become bitter about the fact that management is not making the
right decision, or colleagues do not give them the right value.

| The Disengaged | Low to medium | Low to medium | Most disconnected to organizational priorities. Engage in creating in contagious environment. |

(Source: - [www.blessingwhite.com](http://www.blessingwhite.com))

A significant contribution in the field of employee engagement was done by Gallup. It designed a questionnaire consisting of 12 questions, the answers to which give a clear idea about the level of engagement and employees feeling of satisfaction. Employees from various organizations were made to fill the questionnaire and responses obtained from them were summarized. The questionnaire is given below:-

**Table 1.3:-Gallup questionnaire to measure Employee Engagement**

<table>
<thead>
<tr>
<th>✓ Do you know what is expected of you at work?</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Do you have the materials and equipment you need to do your work at night?</td>
</tr>
<tr>
<td>✓ In the last seven days, have you received recognition or praise for doing good work?</td>
</tr>
<tr>
<td>✓ Is there someone at work, who encourages your development?</td>
</tr>
<tr>
<td>✓ Does the mission/ purpose of your company make you feel your job is important?</td>
</tr>
<tr>
<td>✓ Do you have a best friend at work?</td>
</tr>
<tr>
<td>✓ In the last year, have you had opportunities at work to learn and grow?</td>
</tr>
</tbody>
</table>

*Copyright 1992-1999 The Gallup Organization, Princeton, NJ. All rights reserved. Gallup and Q12 are registered trademarks of The Gallup Organization.*
Most of the respondents were looking for the following attributes in their organization:

- Clear communication, transparency and regular feedbacks about their performance.
- An opportunity for growth.
- Empowerment
- The right guidance and somebody who never misses a chance to notice the slightest bit of their contribution and praises them.

This is the hard-core fact that the future business performance and revenues and profitability of an organization no longer depends upon traditional capital management and investment and portfolio management. But the success of any organization in this constantly changing world of work depends upon human capital management. The companies who understood this fact long before are the most successful and highly productive organizations of contemporary times. The mantra of success of any organization is the higher involvement, engagement and dedication of employees towards their jobs and their continuous performance to attain more, it is pertinent that employees should be motivated to perform at their best and generate a breed of satisfied and dedicated employees.

Employee engagement is a workplace approach designed to ensure that employees are committed to their organization goals & values, motivated to contribute to organizational success and are able at the same time to enhance their own sense of well-being. An engaged employee is one who is fully absorbed by & enthusiastic about their work and they take positive action to further the organization’s reputation & interest. These employees have
strong authentic values with clear evidence of trust and fairness towards the organization. An organization with high employee engagement might therefore be expected to outperform those with low employee engagement.

Four important elements of employee engagement are:-

- **Commitment**: Commitment means the degree to which individuals associate themselves with the job, the responsibilities and the organizational objectives. Engaged employees are those who are fascinated by their work and committed to face every challenge to attain their goals. They are dependable and highly productive and therefore, are accountable for what they do.

- **Motivation**: Achievement results in more motivation. If employees put in their hundred percent efforts as to take their organization to the next level, this attained status motivates them more than anything. Proper reward and recognition can further motivate them to achieve more for their organization.

- **Loyalty**: Employees who are actively engaged in their work are loyal towards the organization. They are less likely to leave the organization. They feel accountable for their job responsibilities and results attained. But the word of caution is that it doesn’t take time for actively engaged employees to become disengaged if the organization doesn’t have proper reward and recognition system.

- **Trust**: The mutual trust between the organization and the employee, enhances employee engagement. Employees must be given autonomy to perform their tasks their way. If the employees are not restricted by the specific rules and regulations, they share the emotional bond with the organization and are motivated to perform their task in different and innovative manner.
It is a top concern among organizations, particularly since studies have linked engagement to improved business performance. It is defined as the ability to influence the employees—their heads, hearts and souls to instil in them an intrinsic desire and passion to succeed and excel. Engaged employees develop a sense of belonging with their organization and want their organization to succeed wholeheartedly because they feel connected emotionally with the organization’s vision, mission and goals. Employee engagement emphasizes the importance of employee communication on the success of the business. An organization should realize the importance of employees, more than any other variable, as the most powerful contributor to an organization’s competitive position. Organization and employees are dependent on each other for their needs and goals. Many researches and surveys have revealed that if unique needs of employees are met then they are fully engaged. Employee engagement is not one time exercise but it is a continuous process of learning and improvement. It is focused on such talent management efforts as employee engagement or satisfaction surveys and related action planning. It also includes a focus on the tools and programs that can be implemented to reward and motivate individuals such as incentive programs, diversity initiatives, employee resource groups and recognition programs.

Companies seek to engage employees as a way to drive business results, according to a survey done by Conference Board. The majority of companies, 89 percent, have an engagement strategy in place, according to Conference Board. 55 percent of companies use employee surveys to measure engagement, and 50 percent utilize employee development, including leadership and management training. Less than half of companies link performance and results to engagement, according to Conference Board. The top challenges to the engagement process are disconnect from corporate strategy, lack of executive support
and ineffective communication. The process is continuous one and demands measurement, analysis, and implementation of solution to employee’s problems as a means to continuously keep them engaged and committed in their work. Various organizations have employed various techniques and tools to engage employees because they have always valued their human assets, and believed that satisfied and committed employees are a key to organization’s success.

It is established fact that there is a clear link between organizational performance and employee engagement, successful organizations which seek sustenance and growth quickly responds to the need of employees along with designing and implementing a customized process to increase the levels of employee engagement.

The basic steps followed for employee engagement are:-

- **Prepare and design:-** The first step in the process is about discovering the specific requirements of the organization and deciding the priorities. After that customized design of carrying the whole process can be designed. It is recommended to seek advice of expert management consultant in order to increase the chances of getting it done right at the first attempt.

- **Employee engagement survey:-** Design the questions of the employee engagement survey and deploy it with the help of an appropriate media. It can be either in printed form or online depending upon the comfort level of employees and the questionnaire evaluation process.

- **Result analysis:-** It is the most important step in the entire process. It is time when reports are to be analysed to find out what exactly motivates employee to perform
their best and what actually disengages them and finally compels them to leave the organization. The results and information can then be delivered through presentations.

- **Action planning**: ‘How to turn the results of the survey into an action’ is a challenging question that organizations need to deal with utmost care. Coaching of line managers as well as HR professionals is very important in order to tell them how to take appropriate actions to engage employees. The pros and cons should be communicated to them, so that they can successfully implement the changes.

- **Action follow up**: Action follow up is necessary in order to find out if the action has been taken in the right direction or not, and if it is producing the desired results.

**Advantages of engaged workers**

- The engaged workers do not hesitate to go extra mile to achieve individual and company success.

- Engaged workers try to bring innovativeness at their workplace and try their best to implement it for company’s success.

- Engaged workers are boon for the organization as they will enhance the goodwill of the company which in turn attracts both customers and employees.

- Engaged workers are the brand ambassadors of the company, its product and processes.

- Engaged workers are very enthusiastic about their work and this infuses energy and positivity at workplace.
Disadvantages of disengaged workers

The findings of Gallup study of 2008 show that while the engaged employees believes that they can contribute to company’s growth, the disengaged workers believe that their job does not contribute to organization’s growth. This belief of the disengaged employees create a negative spiral that affects his work, peers, customers, productivity and eventually the performance of the company. The dissatisfaction of employees can be manifested in the following ways:-

- **Effect on work:** - The disengaged employee tries to evade work, struggles to meet deadlines and is reluctant to accept additional responsibility.

- **Effect on Co-workers:** - The negativity of a disengaged employee demonstrated through complete withdrawal from participation, affects the team morale.

- **Effect on consumers:** - The employees are the ambassadors of the organization. The disengaged employees can earn a bad name to the organization. These employees can create disengaged customers by showing apathy towards work, product and process.

- **Effect on productivity:** - Disengaged employees seldom push themselves to meet organizational goals. They do not contribute in the innovative practices at the workplace. Since they do not believe that their work contributes to the organization, they evade completing the tasks in time and this has its adverse effect on team productivity.

- **Effect on Company performance:** - In the corporate world, time is money and organizations must innovate to stay relevant. A disengaged workforce by virtue of
delayed completion of tasks and inability to improvise and innovate the cost of the company and it adversely affects the company’s bottom-line. This has been validated by a Gallup Study whose research showed that costs of disengaged workforce in the Unites States was upwards of $ 300 billion annually.

- **Effect on personal life of employee:** A disengaged employee is not able to perform up to his potential, and this leads to frustration which adversely affects the personal and family life of the employees.

The only thing that makes highly productive organizations stand apart from rest of the companies is the quality of the employees and the level of their commitment towards their work. Organizations cannot achieve their goals just by defining their mission statement nor can they foster a high performing work culture until they take substantial steps. They need people to get the jobs done and that too with excellence. For fulfilling all their goals, organizations require actively engaged employees. Employee engagement happens only in those organizations which treat their people as their biggest assets and take care of their basic necessities and other psychological needs. Workplaces that meet all these conditions of employee engagement grow much faster and sustain much longer than those who fail to meet them.

**Dimensions of employee engagement**

The different dimensions of employee engagement are discussed below:-

- **What do employees get:** Employee engagement to an extent depends upon what people get in exchange for performing job. This includes basic compensation, benefits, organizational culture and working environment. These are basic elements
that motivate them to join the organization and perform the given task with complete dedication.

- **What do employees give:** Employee engagement is a two way process as it involves organization and employee, setting clear expectations plays an important role. This helps employee to understand what exactly they are expected to give the organization. This includes defining their job responsibilities that they need to fulfil and tasks they need to perform. The human resource team and immediate supervisors need to tell them clearly what they are expected to do. It creates more meaningful relationships among seniors, subordinates and workgroups.

- **Do the employees belong to the organization:** Social association is the most basic requirement for anyone. Even employees would like to stay with the organization that treats them as their integral part and not just the means to get the job done. “My opinion counts” gives them satisfaction and motivates them to put their best to meet organizational goals.

- **How can employee grow:** Continuous growth including promotions, salary hikes and rewards and recognition are most essential tools to retain employees in the organization. New challenges and opportunities to learn, keep them motivated towards their work life and encourage them to give their best even during crisis.

Employee engagement is critical. Highly productive organizations have understood this fact a long ago, whereas mediocre and low performing organizations have just started taking it seriously. It makes sense to engage employees and make them to find a meaning in what they do. Those employees who do not understand what they contribute towards the success of their organization will most stick to it for a long. They would
rather consider leaving in a few months or years as and when they are offered a high paying job.

Phases of employee engagement

Employee engagement is a long term process and goes through various phases describing the level of engagement, involvement, attachment and belongingness between employee and employer. These phases of employee engagement make a continuous cycle that each organization aiming to achieve increased profitability must undertake.

- **Attract:** The first phase of the employee engagement cycle is attracting the best talent from the industry. This phase involves creating a positive impression about the work culture and employee career as a potential employer. It is all about carefully creating an authentic, genuine and crafted brand as an employer. This is the first impression that attracts a big pool of candidates to apply for the job vacancies in an organization. The first phase is the most important phase of the employee engagement cycle. Another aspect spreading the goodwill of an organization is its employees. They are not only the employees but are regarded as internal customers. Their job and career satisfaction speaks about their workplace. Therefore, they should be not taken for granted. Besides attracting the talent from the outside, it is important to keep the existing employees attracted towards the organization.

- **Acquire:** Acquisition of employees is a very important phase of the organization. It includes the following elements; the way the potential candidates are interacted while advertising a position; keeping the promises that were made while hiring them; providing the new recruits a right kind of working culture and ambience. When an organization advertises a position, interested candidates apply. The way their
applications are reacted, the reaction of the organization and the manner in which they are approached speaks a lot about working culture and brand of the organization. Hiring the best talent not only serves the purpose. During their honeymoon (initial period), with the organization, the company must try to keep all the promises that were made during the selection process. Besides this, they should feel happy and satisfied when their expectations are tested against the reality. Providing the right kind of culture also plays an important role in keeping them engaged. The whole idea is to prepare them to perform their best by giving them challenging tasks right from the beginning.

- **Advance:** Continuous moving the talent is the last but an unending phase. It not only involves promoting the employees to a higher designation along with salary increments but also growing them in other tangible and intangible ways. Job rotation can help them grow in experience, responsibility and belongingness but only when it is done right. Advancing the employees in every aspect, be it monetary or non-monetary is the key to retain people and develop their overall personality. These above are the main phases of an employee engagement cycle where preparation is done much before the employee joins the organization.

The level of employee engagement can be measured by the willingness and the ability of employees to contribute to the success of their organization. A highly engaged workforce shows the high level of engagement in their work and is always keen to take up new challenges in order to bring a positive change or establish a highly conducive work environment. Various researches have shown that higher level of employee engagement is
directly linked to high satisfaction of the employees, productivity and profitability of the organization & satisfied and loyal customers.

**Succession planning**

*Succession Management gives you the opportunity to take your company to the next level as well as the next generation.*-Ellen Franken berg

Succession planning is a process for identifying and developing internal people with potential to fill the strategic position in the organization. It increases the availability of experienced & capable employees that are proposed to assume these roles as soon as it becomes available. This process also ensures to maintain the bench strength for vital positions. Robust succession planning helps the organization to be well prepared in the exigencies like expansion of organization, the loss of key employee, filling of new position, employee promotions and organizational redesign for opportunities.

Succession planning is focused on how businesses effectively identify, develop, and transition individuals into key roles to ensure continued business success. It includes not only replacement planning, but also the identification and development of high potential individuals and the management of talent pools. Leadership competencies, 360 degree feedback, executive coaching, and job rotations also are within this talent management function.

Succession planning when integrated into the overall employee performance and talent management strategy can provide with valuable insight into their leadership pipelines. But a well-managed succession planning process should seek to not only prime leaders for the future, but reward them today as part of a bigger drive for retention. There are many
approaches to succession planning. One of the more common has been the org chart replacement model in which employees are groomed for specific position. Succession planning should focus on developing people rather than merely naming them as replacements.

Talent pool approach has emerged as a best practice that establishes a larger number of employees for promotion. This group is more likely to stay loyal and possess skills that are easily aligned with the organization’s strategic plan. In this model, high potential candidates are placed in talent pools and receive development in preparation for possible promotion (the development includes specific type of training and education). The organization commits to help these individuals prepare to qualify for greater responsibilities. The success depends on how the individual performs in his/her job while simultaneously equipping them to meet the new challenges of more senior positions.

The talent pool approach to succession planning can be a great step in rewarding loyal leaders, as they are not promised a specific position, but rather are recognized over time for their skills development, day to day performance and ongoing achievements. This approach provides a powerful tool, which talent managers can use to recognize key leadership candidates and plan long term bench strength. With talent pool based succession planning organizations are better able to get an ongoing snapshot of their workforce’s potential and areas of retention risk, while creating a larger pool of capable employees poised to take on leadership positions.

Modern succession planning has two fold objectives, firstly to serve the needs of the organization by ensuring uninterrupted supply of required talent in different departments
and secondly to retain the internal talent by providing them the challenging tasks & keeping them motivated. A typical succession planning involves the following steps:-

- Identify the key & critical positions and developing a comprehensive understanding of the talent skills required for the effective performance of these roles.

- Determining the skills & performance standards for these positions.

- Undertaking the talent assessment & talent calibration by forecasting the potential availability and shortage of candidates suitable for these roles. This step also involves analysis of demography, present recruitment & retention plan, various market forces, plan for developing internal talent etc.

- Identifying potential candidate for development.

- Developing and coaching the identified candidates through well planned training & development programs. The development process may be expedited to ensure continuous supply of the required talent for the critical roles if required.

Fulmer & Conger (2005) have opined that effective succession planning should have the following characteristics:-

- It should be simple & easy to use.

- It should be development oriented.

- It should have top management support.

- It should have the ability to spot the talent gap and important linchpin position.

- It should ensure timely placement of right people on right job

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Talent Management & IT

IT industry is facing the challenge of growing talent gap between supply and demand. In the new millennium there is need for employees possessing the wide range of skills & abilities so that it can provide competitive advantage to the organizations. IT industry is facing the shortage of skill requirement in technical areas, understanding of quality and software engineering practices, lack communication skill or simply did not have the right qualifications. The talented people originate the creative ideas, solve key problems and produce the most successful products. Watts Humphrey (1997)\(^8\) collected data from 104 engineers. These engineers were all given the same specifications for ten programs and they tracked the development time program size and defect levels for each program. The table below shows the development time:-

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\(^8\) W.S. Humphrey(1997) Introduction to the personnel software process; IEEE software
Table 1.4:- PSP Development time(in minutes) for 104 Engineers

<table>
<thead>
<tr>
<th>Program</th>
<th>Longest times</th>
<th>Shortest times</th>
<th>Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 1</td>
<td>1355</td>
<td>50</td>
<td>27.1</td>
</tr>
<tr>
<td>Program 2</td>
<td>996</td>
<td>64</td>
<td>15.6</td>
</tr>
<tr>
<td>Program 3</td>
<td>1379</td>
<td>88</td>
<td>15.7</td>
</tr>
<tr>
<td>Program 4</td>
<td>1336</td>
<td>59</td>
<td>22.6</td>
</tr>
<tr>
<td>Program 5</td>
<td>1820</td>
<td>94</td>
<td>19.4</td>
</tr>
<tr>
<td>Program 6</td>
<td>1420</td>
<td>94</td>
<td>15.1</td>
</tr>
<tr>
<td>Program 7</td>
<td>1140</td>
<td>83</td>
<td>13.7</td>
</tr>
<tr>
<td>Program 8</td>
<td>1275</td>
<td>46</td>
<td>27.7</td>
</tr>
<tr>
<td>Program 9</td>
<td>2715</td>
<td>120</td>
<td>22.6</td>
</tr>
<tr>
<td>Program 10</td>
<td>1980</td>
<td>152</td>
<td>13.0</td>
</tr>
</tbody>
</table>

(Source:-Search for the best-Achieving competitive advantage by attracting & retaining talent by V. Anand)

Managers in software industry agree that these wide variations are quite common. While some professionals accomplish exceptional work effortlessly others struggle to produce mediocre results. Thus, the organization’s ability to identify and select potential talent is the critical factor which provides a distinctive competitive advantage to the organization.
References


