Chapter Map – Chapter 2: Literature Review

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Identification of Thirteen Talent Management Practices for Research
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2.1 Current Researches on Talent Management:

According to Wikipedia, the free encyclopedia, Talent Management as a process emerged in the 1900s and continues to be adopted, as more companies come to realize that their employees’ talent and skills drive their business success.

Darin Phillips, “Financial Value of Talent Management”, 2002, observes that companies that want to grow and improve their systems and processes must focus on the people practices that allow or foster that growth and improvement. Talent Management is no longer a cutting-edge field being solely tapped by pioneers. It is a viable path towards improving organizational performance.

Melcrum publishing, 2005, opine that Talent Management is more than next new fad, but has become a strategic imperative, for the hr practitioners.

McKinsey Research reveals that 75% of corporate officers were concerned about talent shortages, and Deloitte reports that retaining the best talent is a top priority for 87% of surveyed HR Directors.

All these research findings indicate understanding following issues

- New business trends require new and different skills
- Changing dynamics of employee demographics, are reducing the talent pools, hence a shortage
- New businesses attracting talent from existing ones
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These issues point out the need to allocate their internal resources effectively. Companies will also need to deploy talent flexibly across geographical borders. Talent is becoming more critical to quality variable to corporate performance, being that specific need for talent is unpredictable and acquiring talent at right time, and number is prerogative of Talent Acquisition team in the organization.

2nd Annual NTMN Talent Management report (2009), struck by a completely unexpected finding. Instead of the reflex corporate reaction to reduce HR and talent budgets that typically accompanies tough times, 75% of surveyed companies plan to increase or maintain spending on Talent Management in 2009. Less than 10% planned any substantial budget reductions. This apparent shift in behavior suggests guarded optimism about how companies are now valuing their talent.

In the survey report titled “Managing today’s global workforce: elevating Talent Management to improve business,” the consulting firm found that 63% of participants report their current Talent Management programs are aligned to the business strategy. However, 37% of organizations admitted that their Talent Management Programs either were not aligned or they did not know.

Ernst & Young culled the data from a 2009 survey of senior executives and vice presidents of human resources from Fortune 1,000 companies around the world. The survey report notes employers that took a strategic approach to their Talent Management programs during the global recession are more likely to be among the first to rebound.
2010 HR Service Delivery Survey Report: Key survey findings for 2010 include:

- Organizations have discovered and focused on the value of Talent Management systems to an unprecedented degree this year.
- The importance of HR technology as a must-have in managing the business is reflected in technology spending — which not only held level during the economic downturn but has increased for 2010.
- Not only were a great number of HR service delivery initiatives undertaken by organizations in the last 18 months, but they also (finally) delivered the desired results, often not just meeting but also exceeding expectations.
- Talent Management systems that heighten visibility — enable managers to see people and workforce trends, and employees to see training opportunities and career ladders — while sometimes difficult to implement, are highly effective once in place.

“It is vital that not only are a company's internationally mobile employees incorporated into the organization's overall Talent Management program, but that there is a system in place to capture their knowledge,” says Esther Hahm, a partner with Ernst & Young's human capital practice and an author of the report.

2.2.1 Talent Management for organizational success

2.2.1. Talent Management : Driver for Organizational Success By Nancy R. Lockwood, SPHR, GPHR, M.A. Manager, HR Content Program, 2006 SHRM® Research Quarterly
Recent Studies on Talent Management

Studies on Talent Management reveal a number of common themes. First, the focus on Talent Management forces companies to become aware of—and assess—their workforce talent and current and future talent needs. Second, organizations that understand the business case for Talent Management successfully link Talent Management and organizational strategy, reaping benefits in increased workplace performance. Third, organizations are seeking effective ways to measure talent and determine bottom line impact.

2.2.2 2005 Talent Management Strategies Survey

According to this study, 43% of companies see retention of key talent as the issue that will have the most impact on their business. Further, 72% of organizations are concerned about the negative effect on the bottom line due to inadequate skills of incoming workers. The study emphasizes that as baby boomers turn 62 in 2008 and skills gaps widen, the impending talent crisis will quickly become a global, cross-industry threat. For example, 33% of companies state that 11% of their workforce may retire in the next two or three years. For 31% of companies, the issue of retirement and impending skills shortages is being discussed at the board level. However, only 50% of organizations have a defined list of critical skills for the future.

2.2.3 The High-Performance Workforce Study 2004

Executives in six countries spanning more than 15 industries were surveyed. The findings reveal six practices that dramatically improve workforce performance, yielding strong contributions to business performance. The number one practice is a formal process for Talent Management, supported by technologies, that enables an organization to
objectively assess employee skills and capabilities and quickly identify the best candidates for open positions.

2.2.4 Survey of Global Talent

This survey explores global Talent among multinational companies (MNCs), focusing on global-scale processes to identify and develop leaders. According to the study findings, the most effective processes for identifying talent and increasing visibility of high potential candidates are assessment processes with open and frank discussions. Yet not all MNCs consider these discussions at the same level; 80% of American companies see talent review meetings as open and frank, compared with 55% of European companies. Many MNCs explicitly seek and encourage diversity in their talent pools. Within development planning, the most critical experiences are those that provide high potentials with a broad organizational view, visibility and experience outside of their comfort zones (e.g., participation on global task forces, two- to three-year international assignments, inclusion in critical meetings).

2.2.5 How Leading Organizations Manage Talent

From in-depth interviews with HR leaders of large employers in a variety of industries, this study reveals that leading companies make attracting, engaging and retaining employees a strategic business priority. Senior leadership focuses on clearly communicating the business strategy to the workforce as well as defining the role people play to execute that strategy. Effective leaders have a clear understanding of what drives value in their organizations, what motivates their customers and how to achieve growth in the future. Many companies have developed Talent Management metrics to support business and financial measures, with metrics built into the balanced scorecard. Through the performance management system,
managers are held accountable for employee retention and creating opportunities for high-potential employees.

2.2.6 The Need of Talent Management:

William J. Rothwell, in his article “Replacement planning: a starting point for succession planning and Talent Management”, International Journal of Training and Development 15:1 ISSN 1360-3736 says,

Despite dismal global economic conditions existing at the time this article goes to press, farsighted organizational leaders remain concerned about finding, developing and retaining the next generation of leaders because they know that economic conditions will eventually improve. When they do improve, an expected tidal wave of retirements may occur. It is also prudent to prepare for emergencies in which talented people may be suddenly lost because of unforeseen circumstances (Aldape, 2005; Behan, 2007). Despite growing interest, however, some organizations are ill-prepared for unexpected changes in leadership, let alone for the long-term development of key jobholders at lower levels (Miller, 2005). Even though replacement planning for key people should be an important component of so-called continuity (disaster) planning, it is often neglected in favor of emergency planning for equipment, finances, facilities and data (Doughty, 2000; Werther, 1995). Consider: a ‘survey of HR executives at more than 100 enterprises revealed that 44 percent do not have a succession program in place’ and that 70 percent ‘could improve their succession initiatives’ (Anon., 2003). The results of that study are reflected elsewhere as well: a 2006 survey study of 216 HR professionals revealed that only 6 percent of the respondents’ organizations were ‘extremely prepared’ to fill a leadership position immediately, 53 percent were ‘prepared’, but 37 percent were ‘unprepared’ and 4 percent were ‘extremely unprepared’ (Fegley, 2006). At the same time, just 6 in 10 companies are prepared for the
emergency succession of the CEO (Anon., 2009). That is all the more troubling because, according to some experts, the cost of replacing a key person can be as much as 24 times the person’s annual salary (Miller, 2005). The danger of disability is even worse and is estimated to be 17 times more likely than the death of key people (Collins, 2010).

2.2.7 Talent Management for organizational success

Talent Management: Driver for Organizational Success By Nancy R. Lockwood, SPHR, GPHR, M.A. Manager, HR Content Program, 2006 SHRM® Research Quarterly

In today’s global economy, companies must continually invest in human capital. In the role of business partner, HR leaders work closely with senior management to attract, hire, develop and retain talent. Yet the skills shortage presents both socio-economic and cultural challenges as talent crosses borders. Thus, in view of workforce trends such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, forward-looking organizations must rethink their approach to Talent Management to best harness talent.

Organizational culture, employee engagement and leadership development have a significant impact on talent retention. Taking these factors into consideration, an integrated approach to Talent Management offers a pathway toward sustaining outstanding business results.

A recent study shows that 85% of HR executives state that the “single greatest challenge in workforce management is creating or maintaining their companies’ ability to compete for talent.”

Over time, common themes around Talent Management are emerging, such as the role of line leaders in the development of talent. Overall, the main recurring themes are CEO involvement, culture, management,
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processes and accountability. Research shows that organizations increasingly focus on Talent Management. Moving from reactive to proactive, companies are working hard to harness talent. According to SHRM's 2006 Talent Management Survey Report, 53% of organizations have specific Talent Management initiatives in place. Of these companies, 76% consider Talent Management a top priority. In addition, 85% of HR professionals in these companies work directly with management to implement Talent Management Strategies.

2.2.8 Drivers for Talent Management

To gain competitive advantage, the demand for human capital drives Talent Management. Talent Management strategies focus on five primary areas: attracting, selecting, engaging, developing and retaining employees.

Workforce trends drive Talent Management strategies. Factors such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce have forever changed the workplace.

Talent Management is also driven by the anticipated skills shortage in the coming years. While not all organizations, industries and professions will experience a lack of skills, organizations are already competing for talent. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage.

Finally, key business strategies also drive Talent Management. For example, with the growing need for global technical expertise, Ford Motor Company links competency development to its organizational strategic goals. Corporate branding, a key organizational strategy, is another business strategy that drives Talent Management. Increasingly, firms are linking their brand to employees and corporate behavior. At JPMorgan
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Chase, for example, the concept of leadership for all employees is part of its corporate branding: “One Firm, One Team, Be a Leader.”

2.2.9 Ownership of Talent Management

While responsibility for Talent Management is shared throughout the organization—from the CEO to the line manager—the role of HR is to identify and deploy optimal strategies to engage employees by driving satisfaction, loyalty and retention. Commitment to Talent Management requires HR to be a strategic business partner. A 2005 study on global human capital found that chief HR officers (CHROs), as “chief talent architects,” played a central role as strategic business advisors by leveraging human capital to improve organizational performance and workforce effectiveness. Based on CEO priorities, the top seven CHRO initiatives were organization transformations, people development, Talent Management, HR transformation, Leadership development, recruitment initiatives and rewards.

Moving Talent Management initiatives forward, however, requires organizational buy-in. For Talent Management initiatives to be effective, organizations need formal processes, with many people involved and with strong links between leadership and talent to translate into specific organizational value-based behaviors.

Ownership of Talent Management is also reflected in dedicated resources. A formal budget for Talent Management initiatives, for example, is evidence of organizational commitment. As noted in SHRM’s 2006 Talent Management Survey Report, firms with Talent Management initiatives are more likely than organizations without such initiatives to have formal recruitment budgets (72% compared with 39%, respectively).
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Further, it is important that HR educate top management on the link between the Talent Management cycle and the cost of turnover.

2.2.10 The Role of HR

• As a primary owner of Talent Management, HR has many roles—one of the most important is that of facilitator of the talent mindset.
• In the role of business partner, HR works closely with the board, the CEO and senior management to ensure that they are committed to Talent Management work.
• As Talent Management facilitator, HR also pays close attention to how the organization’s culture supports talent. Broadly speaking, HR’s role encompasses communicating the Talent Management philosophy companywide and knowing the industry competition.
• In addition, HR needs to develop an integrated and proactive strategic approach to Talent Management—the big picture—as well as managing critical information, such as tracking turnover and knowing what factors contribute to retention.
• HR also plays a role of change management agent. To drive this change, HR addresses four diverse Talent Management activities: recruitment, performance management, leadership development and organizational strategy. In this role, HR manages four major risks to the business: 1) vacancy risk (to safeguard key business capabilities, focus on scarce skills and fit to position); 2) readiness risk (to accelerate leadership development, provide full business exposure to rising stars); 3) transition risk (to avoid loss of key talent, select successors with leadership ability and hire for organization capability); and 4) portfolio risk (to maximize strategic talent leverage, focus on senior management’s commitment to development and performance standards).
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- Finally, proactive HR leaders take a holistic approach to Talent Management. It is important to establish clear expectations and communicate openly about the Talent Management process.
- Employee engagement is best fostered through a meaningful and emotionally enriching work experience. Effective employee engagement—a mixture of tangible and intangible factors—fosters an environment of stimulation, development, learning, support, contribution and recognition.
- Ultimately, it is organizational culture that determines employee engagement and retention of talent.

2.2.11 Employee Engagement and Its Relationship to Talent Management

- Effective Talent Management policies and practices that demonstrate commitment to human capital result in more engaged employees and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent retention. Employee engagement, in fact, can make or break the bottom line. Employees who are most committed perform 20% better and are 87% less likely to resign.
- In addition, the foundation for an engaged workforce is established by the quality, depth and authenticity of communication by HR and senior management to employees, as well as the quality of supervision.
- The role of the manager as the most important enabler of employee commitment to the job, organization and teams cannot be overemphasized.
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• Furthermore, when done well, practices that support Talent Management also support employee engagement (e.g., work-life balance programs—flex time, telecommuting, compressed workweeks, reward programs, performance management systems).

• Rewards and recognition also help both to retain talent and to improve performance. A Carlson/Gallup study on employee engagement and business success showed that employees who were extremely satisfied at work were four times more likely than dissatisfied employees to have a formal measurement process in place as well as receive regular recognition.

2.2.12 Finding the Right People

In the war for talent, organizational success depends on effective recruitment and retention. To accomplish this goal, HR can provide value by focusing on five key areas: ensuring organizational stability, emphasizing employer brand and reputation, developing integrated talent strategies, supporting multilevel accountability, getting involved in Talent Management initiatives and offering opportunities for career and personal development.

2.2.13 Succession Planning Management

Human capital requires careful planning. Under the Talent Management umbrella, succession planning and leadership development are important organizational business strategies to develop and retain talent. As noted in the 2005 Human Capital Index Report, succession planning is also one of the key strategies to reduce turnover costs. While in the past succession plans were primarily focused on key leadership roles, organizations are now establishing leadership development and succession planning initiatives early in the process of employee career development. In addition,
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according to SHRM’s 2006 Succession Planning Survey Report, 58% of organizations have either a formal (29%) or informal (29%) succession plan and 26% plan to develop one. The survey findings note that large organizations (500 or more employees) and publicly or privately owned for-profit organizations are more likely to have formal succession plans.

2.2.14 Measuring Business Impact

Talent Management metrics link human capital investment to financial performance. According to management gurus Huselid, Becker and Beatty, there are three critical challenges to successful workforce measurement and management. First, there is “the perspective challenge”—meaning, do all managers really understand how workforce behaviors and capabilities drive strategy execution? Second, there is “the metrics challenge”—that is, are the right measures of workforce success identified (e.g., workforce culture, mindset, leadership, Competencies and behaviors)? The third challenge is “the execution challenge”—specifically, in order to monitor progress and communicate the strategic intent of Talent Management initiatives are managers motivated to use these data and do they have access and capability to do so?

Talent Management metrics are evolving. As organizations increasingly focus on Talent Management strategies, they seek ways to validate these initiatives and measure their business impact. Many firms are beginning to include Talent Management in their dashboards or scorecards. For example, HSBC, a banking and financial services institution, uses the Balanced Scorecard™, with Talent Management listed under learning and growth. Scorecards provide a clear “line of sight” to organizational strategic goals by linking Talent Management to objectives and performance appraisals.
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2.2.15 Challenges of Global Talent Management

Global competition for skilled workers is keen; worldwide, many employers are experiencing a talent shortage. A survey of nearly 33,000 employers in 23 countries reveals that 40% are struggling to locate qualified candidates. With the liberation of trade policies, transnational companies moving production to low-cost areas and the corresponding growth of global supply chains, increased globalization has resulted in socio-economic and cultural challenges. Further, talent now takes many forms, from migrants crossing borders (temporarily or seeking new homes), students gaining degrees and expatriates on assignment to tourists, refugees and business travelers. Consequently, the demand for skills has countries working hard to develop policies that will attract talent with human and technological skills to support economic growth, retain talent and even reverse talent migration. In a “reverse brain drain” effect, China and India, for example, encourage their educated nationals to return and fill jobs at home.

Managing global talent has challenges and significant implications for sustainability and growth. A recent study of global companies, for example, states that companies are concerned about the development of future leaders capable of navigating the global business environment. Key findings show that the most important determinant of global Talent Management (GTM) success is the degree of involvement by the CEO, the board of directors and the GTM leader in Talent Management activities. On average, for example, CEOs spend 16% of their time speaking publicly about GTM, mentoring high potentials, participating in talent

In sync with the trend to develop global HR policies and practices, organizations are creating global Talent Management processes. For example, at Intel Corporation, a global chip maker, HR utilizes a Talent
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Management program and works with management to assess workforce needs. Research shows organizations value having global frameworks, specifically around a common language and structure in areas such as performance management, leadership development for high potentials and professional development. There is less agreement, however, about developing common frameworks for recruitment.

2.2.16 What the best companies know about their people— and how they use that information to outperform rivals

*Thomas H. Davenport, Jeanne Harris, and Jeremy Shapiro, COMPETING TALENT ANA* What the best companies know about their people— October 2010 Harvard Business Review

1. Analyzing employee data to enhance their competitive advantage. Google, Best Buy, Sysco, and others are beginning to understand exactly how to ensure the highest productivity, Engagement, and retention of top talent. Replicating their successes, and favor analytics over gut instincts.

2. Harrah’s used metrics to evaluate the effects of its health and wellness programs. Preventive-care visits to its on-site clinics have increased, lowering urgent-care costs by millions of dollars over the past 12 months. And because Harrah’s understands the relationship between employee engagement and top-line revenue, it can evaluate the program according to revenue contribution as well.

3. Applying Talent Analytics: How should the Workforce needs adapt to changes in the business environment. Retail companies can use analytics to predict incoming call-center volume and release hourly employees early if it’s expected to drop.
4. **Talent value model**: Why do employees choose to stay with—or leave—company. Google suspected that many of its low-performing employees were either misplaced in the organization or poorly managed. Employee performance data bore that out.

5. **Workforce forecasts**: How do I know when to staff up or cut back? Dow Chemical has a custom modeling tool that predicts future head count for each business unit and can adjust its predictions for industry trends, political or legal developments, and various “what if” scenarios.

6. **Analytical hr**: Which units, departments, or individuals need attention? Managers at Lockheed Martin use an automated system to collect timely performance-review data and identify areas needing what is the key improvement.

7. **Human-capital investment analysis**: Which actions have the greatest impact on my business? By keeping track of the satisfaction levels of delivery associates, Sysco improved their retention rate from 65% to 85%, saving nearly $50 million in hiring and training costs.

8. **Human-capital facts**: What are the key improvement indicators of the organization’s overall health? JetBlue analysts developed a metric—the “crewmember net promoter score”—that monitors employee engagement and predicts financial performance.

9. **Mastering Talent Analytics: Data**: Organizations can get increasingly good HR data from their enterprise systems, but they sometimes need to augment them with new metrics. Data needn’t be perfect to be appropriate for analysis—just sufficient to understand trends that matter.

**Enterprise**: HR can no longer confine employee data to its silo; organizations need access to those data to be successful. Gaining insights into employee attrition and effective management approaches.

**Analysts**: Analytical theory must be converted into practice. This requires experts not only in quantitative analysis but also in psychometrics, human
resource management systems and processes, and employment law future organizational performance is inextricably linked to the capabilities and motivations of a company's people. Organizations that have used data to gain human-capital insights already have a hard-to-replicate competitive advantage. Others, too, can draw on these new techniques to improve their business results.

**Leadership:** Leaders who believe that human-capital insights should be used to solve business problems must constantly press for decisions and analyses based on facts and data rather than on tradition, hearsay, or supposition.

**Targets:** Organizations that use talent analytics have already made people the focus of analytical activity. Companies that use analytics for employee management can create tangible value for themselves as long as they avoid:

- Making analytics an excuse to treat human beings like interchangeable widgets
- Keeping a metric live even when it has no clear business reason for being
- Relying on just a few metrics to evaluate employee performance, so smart employees can game the system
- Insisting on 100% accurate data before an analysis is accepted—which amounts to never making a decision
- Assessing employees only on simple measures such as grades and test scores, which often fail to accurately predict success
- Using analytics to hire lower-level people but not when assessing senior management
- Failing to monitor changes in organizational priorities, thus creating irrelevant—if accurate—analyses
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- Ignoring aspects of performance that can’t easily be translated into quantitative measures
- Analyzing HR efficiency metrics only, while failing to address the impact of Talent Management

2.2.17 Aspects of Talent Analytics:


1. **Workforce planning**: evolving business process, aimed at matching employees to jobs that align with critical business requirements and with individual talents and skill sets. Conventional workforce planning typically utilizes metrics of people, process and production to recommend hire, reduction and development actions. Most current workforce planning models include an environmental scan, a workforce profile, an assessment of what skills the business will need and what strategies to follow to close the gaps.

2. **The Order-Taker in Traditional HR**: Human resource practitioners used to carry out workforce planning in terms of a short term forecast, creating a staffing plan based on past years’ experience. The CLC study revealed that internal communication, availability of career advice and career paths, and appropriate roles and responsibilities are the most significant drivers of retention. The three key components in critical Talent Management—employee information data and analysis, business and workforce forecasting and predictive analytics—have been presented

- The analytics exemplified in these components allow HR to move from a conventional order-taking position to a dynamic partnering
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role. Through analytics, people are linked to jobs where critical success factors have been studied and enabled, while the organization reaps the benefit of increased overall productivity and profitability.

- HR should seek out members with finance and consulting skills who can conduct a comprehensive workforce profile, assess what skills the business will need in the future, and create forecasts and scenario models. HR will then have the credibility to facilitate discussions with stakeholders about what management decisions would be appropriate for the organization based on the parameters

2.2.18 Futuristic View of Talent Management


The next generation of Talent and solutions will largely be driven by economic evolution, demographic changes, and technology advancements. The key economic factors driving changes in Talent Management are

- **The knowledge economy.** The transition to a knowledge economy has transformed the way we value companies. Talent is now a required strategic asset.

- **Globalization.** European expansion is well-known; the top expansion prospects for global companies now include China, Russia and Eastern Europe, Mexico and South America, and the rest of Asia—not the usual suspects. This continued expansion provides both challenges and opportunities around talent utilization, diversity, and risk management.
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- **Skills gaps and structural unemployment.** An ever-increasing pace of change means organizations will face more structural unemployment challenges and skill gap issues. As a result, reskilling and continuous peer-to-peer learning cultures will become increasingly

The key demographic factors driving changes in Talent Management are

- **Generational geographies.** Although Baby Boomer retirement has been top-of-mind for many years in the U.S., even more significant demographic changes are happening outside the U.S., where population growth rates and aging populations are poised to stifle local economies. The ability for organizations to successfully tap into global talent or effectively move talent from areas of abundance to scarcity is becoming a strategic issue.

- **Longer lifespan.** The aging of the global workforce is only half of the story. Increased health and longevity mean that seniors are working longer, enabling organizations to keep experienced team members into their retirement years. But it also complicates workforce planning and raises generational challenges related to long-term succession planning.

- **Workplace diversity.** Workplace and team diversity is increasing, principally fueled by globalization and demographic changes. A more diverse pool of talent affords new opportunities such as hiring workers who are underrepresented in the workforce of a particular country to gain competitive advantage. For all the benefits of diversity, it also can carry risks related to team cohesion, cultural bias, and initial productivity.

The key technology factors driving changes in Talent Management are

- **Increased expectations.** Technology advances are increasing exponentially. As candidates and employees adopt new gadgets and
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technology in their personal lives, they will increasingly expect similar tools and levels of empowerment in their professional lives. They will judge employers by their commitment to employee enablement and the company’s ability to quickly transition consumer tech to enterprise tech.

• **Digitization.** Over the past decade, employee talent data has been digitized and integrated into comprehensive talent profiles. Techniques such as attribute matching and recommendation technologies can be applied in Talent Management to find and match candidate or employee profiles that meet business needs.

• **Telecommunications.** With the increase in the market penetration of smartphones and tablet devices, a significant portion of the world’s human potential will have access to rich Web and application experiences from anywhere. This enables organizations to source and collaborate on knowledge work with any part of the world, tapping into a global talent pool.

2.2.19 Economic Factors Affecting Talent Management

Although there are an innumerable economic factors that impact Talent, the three most relevant long-term are

• The knowledge economy

• Globalization

• Skill gaps and structural unemployment

Although future social and economic drivers will provide many new opportunities, it’s important to remember that these changes will not apply to all sectors, all economies, or all employees evenly. Talent professionals in coming years will need to develop a nuanced view of emerging trends, not just in terms of how they will impact the organization, but also how and
where they might not. In particular, it will be important to understand the talent implications of the imbalances.

It’s clear that the impact on Talent Management of changing demographics, economic evolution, and technology advances will be profound. In concert, these factors can be mutually reinforcing, and result in even larger impacts. Organizations that regard talent as a key differentiator have no choice but to consider the impacts of these trends on their talent processes and strategies.

2.2.20 Integral approach to Talent Management:

An Integral Approach to Talent Management *

M.S. Srinivasan

In the emerging and future world of business, the key factor of success will be not capital or technology but talent. There is at present a growing volume of literature on Talent Management. However, discussions in literature are focused on retaining existing talent or in other words manifest talent. Not much of creative attention is bestowed on the other aspect of Talent Management: how to manifest the hidden talent in the average employee or in other words, harness the unmanifest talent. Examines both these dimensions of Talent Management in the light of an integral and evolutionary vision of human development.

Retaining and harnessing talent will be the most decisive factor that will determine the success and effectiveness of organization in the future. Most of the present discussions and debates on Talent Management are focused on retaining existing or manifest talent like for example, the highly sought-after and talented manager or technocrat or star-performer who contributes substantially to the company's bottom line. But in an integral perspective...
this is only one aspect of Talent Management. The other aspect is how to manifest the hidden talent in the average employee or underperformer. The traditional hard core management is not interested in this second aspect of Talent Management. It is regarded as the unproductive and wasteful part which has to be got rid of by downsizing there can be a different approach to Talent Management where not only the manifest talent in the high performance employee is cherished but also the unmanifest talent in the underperformer is helped to come forward and enrich the organization.

Retaining top talent is becoming the key challenge for companies which depend on knowledge-workers and intellectual capital as the main resource. However, there is perhaps at present a growing number of talented corporate workers who have some moral aspiration to make some meaningful contribution to the society. When we examine some of the latest research, studies and trends in the corporate landscape, we come across two categories or types of talent. The first one is the creative thinker or knowledge-worker with a well developed thinking or pragmatic mind, with the ability to generate new ideas and apply them to execute and implement ideas in a most efficient, productive and cost-effective manner. A company or management which wants to retain talent must give careful consideration to this talent-profile and try to create a corporate environment which matches this profile. Based on this profile we can identify six factors which are crucial for creating an environment which attracts, retains and fosters talent.

- First is to provide sufficient opportunity for professional and personal development
- The second factor is the moral dimension or a higher purpose
- The third factor is work-life balance
- Fourth factor, woman friendly work-place. A major and irreversible trend in the work-place is the mounting invasion of
woman in every level and domain of the corporate life, which means, as we have mentioned earlier, a growing number of the talent pool are or will be women.

- The fifth factor is individual uniqueness
- The sixth factor is compensation.

2.2.21 Progress, Evolution and Motivation

The manifest talent loses its edge and degenerates if it doesn’t progress in terms of skill, knowledge, performance, motivation, character and consciousness. Similarly, the vital person must be given the freedom and the opportunity to develop all the potentialities of her vital and pragmatic mind to their utmost limits. One of the major aims of evolutionary motivation is to consciously accelerate this progressive natural evolution of the human being from the physical, vital, mental and to the spiritual consciousness and manifest this growth in every activity of the corporate life. For a progressive realization of the talent potential in an organization, this concept and practice of evolutionary motivation has to become an integral part of the leadership development programmes of the company.

There are two aspects to talent-management: retaining the manifest talent of the high performer and harnessing the unmanifest talent in the average employee or the under performer. For harnessing the total talent-potential of the organizations both these aspects of Talent Management have to be given equal attention. This requires an integral vision of human development and an evolutionary approach to motivation. There are higher ranges of consciousness beyond the surface mind which remain mostly untapped in the corporate life. There are methods and practices in Indian Yoga by which we can systematically develop the powers of these higher plateaus of consciousness. This can immensely enhance the talent potential of an organization.
2.2.2 Components of Talent Management:

**Talent Management** - Build on four key components by Kyle Couch

**TM program must be built on four key components:**

1. **Differentiation.** One weak component of many TM programs is the lack of differentiation between employees. Managers and leaders must differentiate their employees' value—how their employees stack up—and direct resources to individuals depending on whether they are A, B, C or D players. **A-Players** are your most valuable employees. They should be treated accordingly, by offering the highest development and feedback. **B Players** are your technical experts. Their development should focus on interpersonal skills; encourage them to work on group assignments. **C-Players** are strong team players, however, these people must be given hard goals, and monitored carefully. With **D-Players**, there should be a clear path to separation.

Most recruiting and development programs focus on *intelligence* as a predictor of future success. Find people who challenge the status quo, and think in new ways. Hire clever people, and don’t make them *paper pushers, desk jockeys, and automatons* who work at the level of the lowest common denominator. Doing good work satisfies people, but *doing great work causes customers to flock to your door.*

2. **Assessment and ranking.** Use rigorous assessments to help you assign employees to the appropriate population within the Talent Matrix.

   - **Behavioral competencies**
   - **Early talent identification (ETI) predictive indicators of future success.** By using an ETI assessment, your talent pipeline can be filled with people who would otherwise not be identified for succession until later in careers, losing valuable development time.
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- **360-degree feedback.** Effective use of feedback from managers, peers, and direct reports is a trusted means of assessing employees and giving you a clear picture of their fit. These tools can be customized and the scores aggregated across large populations of employees, to determine organizational strengths, weaknesses, and gaps.

- **Performance Management and Performance Improvement:** firms have a Talent Audit (assigning people to boxes in the Talent Matrix), PM and PI are ongoing informal processes.

- **Performance Management.** PM programs, once completed annually, are now being conducting quarterly to track progress and achieve milestones. Employees now have input into setting objectives and development priorities, as well as the final scoring. This ensures buy-in from managers and employees. Effective PM enables you to monitor individuals in setting objectives; deliver suitable training and development opportunities; and provides documented feedback and forced ranking.

- **Performance Improvement.** PI identifies organization-wide gaps that need to be addressed soon, and rolls them down into individual performance management portfolios. PM and PI, working together, ensure the organization is monitoring its performance and adapting to the environment.

- **Transparency.** Without transparency, your TM program is set up to fail. A lack of transparency leads to favoritism. No matter how quantifiable your metrics or how rigorous your process, you must be candid and transparent about the purpose and outcomes of the process;
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*TM can create the winning conditions* that every other aspect of the business can use to move forward. See *strategy* as a *holistic process* as well as a team pursuit, wherein different parts of the process are managed differently, and things get done.

**2.2.23 Linkage between Business Issues and Talent Issues:**

Is Talent Management too important to Delegate to HR?


The two biggest challenges facing US corporations today are a combination of growing markets (a need to expand globally or into new products and services) coupled with a need to hold back costs. This has done is create a *talent squeeze.* Organizations are finding skills gaps, headcount gaps, and leadership gaps in their workforce which they must fill to grow - yet they do not have the resources to dramatically increase salaries to compete for labor. As a result, we are seeing a tremendous focus on sourcing and recruiting strategies, internal career development, and leadership development. *These problems are very business and organization-specific.* In some cases the challenges involve a shortage of critical skills which create shortages in particular job roles. What this means, then, is that you cannot buy "the book on Talent Management." You must develop a Talent Management strategy unique to your business, using best-practices, tools, research, and principles of HR and L&D. In fact, the approach we have developed from our research is shown below:
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Therefore, if the Talent Management solution is to be effective and well-adopted throughout, it must be led by a line executive (not HR). While HR is clearly the subject-matter and process expert, an HR-driven approach usually creates a high level of compliance but a low level of true adoption.

Consider the following data: this data, taken from our High Impact Talent Management research (which analyzed more than 1 million different elements of strategy and impact) clearly shows that business-driven solutions have much greater impact than HR-driven initiatives.

Fig 2: High Impact Talent Management Strategy Process
Who should own the Talent Strategy?

<table>
<thead>
<tr>
<th>Talent Governance Model</th>
<th>CEO or top executive owns process</th>
<th>HR owns and manages the process</th>
<th>Lines of business own, HR supports</th>
<th>Lines of business own independently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Development</td>
<td>+14%</td>
<td>-7%</td>
<td>Average</td>
<td>-22%</td>
</tr>
<tr>
<td>Performance Management</td>
<td>+6%</td>
<td>-5%</td>
<td>-9%</td>
<td>-26%</td>
</tr>
<tr>
<td>Hiring the best people</td>
<td>+8%</td>
<td>Average</td>
<td>-4%</td>
<td>-24%</td>
</tr>
<tr>
<td>Creating a performance-driven culture</td>
<td>+11%</td>
<td>-12%</td>
<td>+6%</td>
<td>+8%</td>
</tr>
<tr>
<td>Creating high levels of engagement and retention</td>
<td>+19%</td>
<td>-7%</td>
<td>-6%</td>
<td>-9%</td>
</tr>
</tbody>
</table>

Relative Business Impact of Governance Models

Fig. 3: Impact of Governance in Talent Management

2.2. Is Talent Management too Important to Delegate to HR?

It is too important to be "left" to HR - while HR must steward the process and implement much of the solution elements, ultimately Talent Management solutions must be business-driven. Our research details the process for developing and governing these solutions, and also helps you identify the best-practices for such solutions.
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Key Thoughts to Remember

1. Talent challenges exist in the context of the underlying business strategy.
It is because the business is growing (or shrinking) that a certain skills or talent gap exists. It is because of the company's expansion into a new market that new managers are needed. If you, as an HR or L&D manager do not understand this underlying business strategy, you cannot possibly hope to design, implement, and manage a process to solve it.

2. The detailed solution to these problems is unique to your organization, but can leverage best practices.
You cannot buy a book on Talent Management to solve these problems. There is no textbook answer to the problem of hiring more engineers, for example. At Raytheon, the problem is manifest by a huge increase in US Federal contracts which demand US citizens. At Network Appliance the problem is manifest by hyper growth and the need to hire customer-facing engineers that understand the network storage industry.

3. The solutions to these challenges demand ownership by business leaders and managers.
The solution to the problem of a shortage of engineers cannot be solved by the staffing and recruiting organization: it must be solved by managers, directors, and executives in the product and engineering organization who carefully define the skills needed, work with recruiters to attract these people, develop the internal candidates for these positions, and manage their teams to increase retention and job mobility. It is the VP of Engineering or Product Operations who feels the pinch when he or she cannot hire the right caliber of people, not the VP of HR.
2.2.25 Talent Intelligence:

Re-defining Talent Management Solutions -- A Customer Perspective
Steven Goldberg, HR Technology Advisor for Organization Metrics &
Clear Picture Corporation
The Right Fit of Talent Management, Talent Intelligence, Business
Intelligence and a Concierge Approach 9/1/2010

Major Shifts in Talent Management / Talent Intelligence Landscape
The transition from automating and enabling HR processes for efficiency
gains and some modest (empirically demonstrated) improvements in
productivity, to being focused on people-related outcomes and results
through more effective “HCM” programs, has been very instructive. More
specifically, we’ve learned that focusing on improving people-related
outcomes through effective HCM programs was still “off-the-mark” as a
business strategy leading to enterprise value-creation, for two primary
reasons that could affect the ability to deliver, including:

- HR stakeholders were still principally accountable for the results
  versus non-HR or business stakeholders, and;
- Workforce performance and business performance were still not
  being organically linked through merged business metrics and a
cross-domain perspective overall.

One of the fundamental ways that Talent Management Solutions and
Talent Intelligence has a more holistic quality, in contrast to previous
iterations which were arguably very technology centric. Today, more
consumers of these solutions recognize that a ‘solution’ is whatever
combination of people, tools, platforms and resources that should be
brought to bear to address a business requirement or problem, or gain incremental perspective on ways to optimize business performance.

The new incarnation of a 'solution' in the Talent Management space… the convergence of people-based guidance and analyses with tools and technology (as needed), and feedback capabilities to validate or re-calibrate courses of action.

Much more attention is clearly being given to business intelligence, or perhaps more aptly said, the business of talent intelligence -- ranging from leading and lagging indicators in the form of predictive and/or descriptive metrics, and extending all the way to neural networks to uncover non-intuitive relationships between various Talent Management elements. Retail giant Wal-Mart was actually one of the pioneers of using data warehouses to track customer buying patterns, and neural networks to uncover hidden relationships between customer data points. It was in this context that they discovered beer sales went up when diapers went on sale -- perhaps once highlighted, a somewhat logical connection.

Business problems and opportunities are beginning to trump business processes as the new central focus of Talent Management Solutions. Solving human capital-related business problems and pursuing transformational business opportunities -- by connecting the talent agenda to all other business domain agendas -- is a hallmark of today's more successful businesses. This trend has resulted in employee information and talent metrics commonly being integrated with foundational information from the Finance, Sales, Customer Management, Product, Supply Chain and Operations aspects of the business – in addition to labor market data, competitive data, broad economic indicators, etc.

Talent Management is no longer uniformly viewed as the domain of the HR function, but rather increasingly viewed as a critical enterprise-wide responsibility and results area to be integrated with all other critical results
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areas (just like “quality”), those doubts are perhaps being erased by the latest research findings in this area. For example, Bersin & Associates’ Talent Management Factbook (June 2010, Executive Summary) found that organizations with the most integrated and ‘business-driven’ approach to Talent Management experienced half the turnover of organizations that still relied on independent, silo based talent mgt processes --- with little integration or convergence between the talent agenda and the business agenda.

Another prevalent theme in recent Talent Management research revolves around the current speed of business, including the frequency with which major restructurings are occurring. On a related note, a Towers Watson Research Update (2009/2010) entitled “Impact of Recession on the Employee Value Proposition” found a large disconnect between the perspective of employers and employees on the potentially adverse effects of restructurings (including right-sizings) on both Quality and Customer Service.

2.2.26 Leveraging the New Talent Intelligence for Addressing Misalignments

One of the potentially highest impact areas for focusing Talent Management Solution is predicting, identifying and managing potential misalignments between employees and the enterprise.

It is pretty basic that technology alone cannot guide an end-customer to potential misalignments between employees and the organization. This is an area ripe for a data-driven perspective and analysis framework with a concierge approach of focused and insightful needs serving, and the use of experts or advisors with capabilities to quickly understand and identify common patterns.
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antecedent conditions, warning signs and roads to solutions. Technology in this business scenario serves the purpose of housing data, making it accessible to the right people, and properly framing it for analysis and reporting/presentation. Again, this is not about business process automation, as these are business problems not business processes. While new approaches to harnessing Talent Intelligence include the ability to identify these potential misalignments (ideally before they occur), the new Talent Intelligence is again mostly characterized by data and people-driven insights and perspectives that span multiple business domains or categories. Talent Intelligence and Business Intelligence are converging, representing a major opportunity for organizations that have the ability to recognize and manage this convergence process with the right ‘solutions’.

Talent Intelligence and the Talent Management domain are continuing to evolve, including the emergence of business-driven approaches that are in-fact owned by the business, a much more holistic notion of a ‘solution’ concept, extending past enabling business processes to now directing tools and resources at game-changing business problems (and opportunities), and identifying / managing the ever-increasing misalignments that occur between employees and the organization. Meeting all of these challenges head-on will clearly require data and people-driven insights and perspectives as well as practitioner and leader enablement that span multiple business domains.

2.2.27 Talent Management – Making the Business Case

The A&DC Thought Leadership Series

There is strong recognition of the reality that it is easier to invest in Talent Management and related initiatives when the business is performing well. There are two important considerations that come into play. First, switching between a long-term and short-term view can send out a strong message
that Talent Management is merely nice to have rather than being a strategic imperative; leaving people to determine whether this is a good place to pursue their careers.

Some of the questions companies should consider when building a business case for talent are as follows:

- What is your business case for talent?
- What are the key outcomes you expect to achieve?
- Who is your key sponsor(s)?
- Is there a commonly held definition for talent or does it mean different things for different parts of the business?
- What is your minimum threshold?
- Have you defined entry requirements to be considered for the talent pool?
- Is there an expectation that successful members of the talent pool would achieve a specified number of career moves within a 2 or 3-year time-span?
- Do you name your A list or your high flyers? Is this a transparent programme or a hush-hush campaign?
- Have you defined a talent cycle – an integrated set of initiatives from talent attraction to talent deployment?

**Defining talent will also clarify the in-list:**

- **Skills based:** Critical skills? High performers? High potential? Knowledge workers, innovators?
- **Level based:** Leadership population? Organization-wide? Function-specific? Management level specific?
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Implementation

External research and empirical evidence suggest that companies that implement winning strategies for attracting and retaining the best people tend to base on four major principles:

• Build a winning environment that people want to belong to.
• Establish a Talent Management Mindset, which embeds ownership and accountability for optimizing talent and potential.
• Create tangible means to identify, select and deploy people of outstanding talent.
• Fully engage talent, use it and manage it intelligently.

Building a Winning Environment

Talented leaders and great team mates, provide a rich mix of talents and a consequent powerful sense of synergy and involvement; and rewards and aspiration to lifestyles that appeal to people and their families.

Establishing a Talent Management Mindset

The right Talent Management mindset is underpinned by trained competence in some key areas of leadership and management capability. Through a combination of feedback and reflective questioning, coaching progresses the trainee through a process of: opening up awareness; creating understanding; encouraging exploration and experimentation; taking responsibility; committing; taking action; and reviewing action and taking the next steps. Primarily, coaching concentrates on improving performance in a current role and at a specific stage in the individual’s career. Mentoring is the process of developing and growing the individual for future (often unspecified) roles. Mentoring works on a person’s perceived potential and how this might be realized in the foreseeable future. It is likely to focus on aspects of potential such as the transferable competencies, for example:
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helicopter quality (the ability to see higher and wider than the immediate situation); the ability to influence upwards, within (or outside) the organization; the capacity to grip a situation, in a crisis, especially when superiors are not present; high innovative ability and the capacity to provide new solutions to challenges; high adaptability and an ability to operate successfully in a variety of different cultures; high common sense in dealing with everyday situations; steadiness under pressure; and the consistent ability to deliver (as opposed merely to talking about things).

Successful empowering involves setting clear boundaries for autonomy – freedom within a framework – so that there is absolute clarity and agreement about what is mandatory and what is discretionary. Essentially, empowering people is about establishing focused, productive independence of thinking and action, within defined boundaries of interdependence, in the organization. The ideal sponsor may be summed up as a committed professional, who knows and understands what is wanted, who cares about achieving results, who can make things happen within the business and who will make it happen.

2.2.28 Creating the Means to Identify and Deploy Outstanding Talent

This amounts to knowing what you are looking for, that is, what talent you need for the business, now and in the foreseeable future; knowing how best to source such talent; recognizing it when you meet it; and going for it, getting it and deploying it for optimum effect within the business.

Fully Transform and Energise Talent

This should follow as a natural, but professionally managed, consequence of the first three imperatives. Energizing talent means using it intelligently and mobilizing it in alignment with corporate and functional goals, so that
the individual can add maximum value by exercising his/her principal strengths at every opportunity.

2.2.29 Talentship and the New Paradigm for Human Resource Management: From Professional Practices to Strategic Talent Decision Science

John W. Boudreau, Marshall School of Business and Center for Effective Organizations (CEO), University of Southern California; Peter M. Ramstad, Personnel Decisions International (PDI)

The new paradigm for HR requires more than knowing the business or applying financial and marketing principles to HR programs and services. It requires extending the traditional paradigm to become accountable for great decisions about talent, wherever they are made, and where they matter most. This requires building decision frameworks that logically connect decisions about talent to strategic success, and provide the language that HR leaders use to collaborate with, have deeper conversations with, and teach their colleagues to find new answers to strategic questions—answers that reflect a unique perspective based on human behavior and the principles of talent markets. This new paradigm based on Talentship, a decision science for talent resources, is a significant opportunity for organizations to achieve sustained competitive success through one of their most important resources: the talents of their people. Historically, decision sciences such as marketing and finance were paradigm shifts. The time has come to embrace and build the new decision-based paradigm in human resource management.

Talent Relationship Management *From point of view to practices* by Claude Balthazard
2.3. Overview of IT Industry

2.3.1 Introduction

Today where the new mantra for the development is “Information Technology”, this mantra has changed the image of India in the global arena. Even if the results of development of IT in India are more visible after globalization, its development got rooted almost before 50 years. The computers and IT materials which were basically invented and designed to solve numerical problems as explained by Majumdar (2007) are facilitating the transition to a global society by encompassing all walks of our life. In the initial stages of IT revolution or computerization there was a fear of increased „unemployment” and workers redundancy but afterwards the same IT industry became a great employer. Panchamukhi (2000, 840) noted this potential of IT industry and opined “If the sectors of agriculture, knowledge and information industries are encouraged to grow in a consistent manner then the problems of poverty, unemployment can be solved”. Further as rightly observed by Unni and Rani (2000) IT allows leapfrogging which can help countries skip generations of technology and stages of growth and place them directly in a service-dominated economy. That’s why even without having a fully matured manufacturing sector, India is experiencing shift in its economy due to its service sector development which is dominated by IT.

Information technology (IT) industry in India has played a key role in putting India on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. The industry has played a significant role in transforming India’s image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business
services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

Information Technology has made possible information access at gigabit speeds. It has made tremendous impact on the lives of millions of people who are poor, marginalized and living in rural and far-flung topographies. Internet has made revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. Today, whether its filing Income Tax returns or applying for passports online or railway e-ticketing, it just need few clicks of the mouse. India’s IT potential is on a steady march towards global competitiveness, improving defense capabilities and meeting up energy and environmental challenges amongst others.

India's Information Technology industry is expected to touch the Rs 1.75 lakh crore mark by 2016, helped by rise in IT services and software segments, a report by Boston Consulting Group (BSG) said.

"The domestic IT industry is expected to grow at 12 per cent over next 4 years, reaching a size of Rs 1.75 lakh crore by 2016, driven primarily by the services and software segments," the BCG-CII report added.

According to the BCG-CII report on IT enablement of Indian business, the domestic IT sector was worth Rs 99,700 crore in 2011 with IT services contributing the largest share at Rs 49,400 crore followed by hardware (Rs 32,500 crore) and software services (Rs 17,800 crore).

The report pegs IT services sector to grow at 14 per cent and touch Rs 96,600 crore by 2016 followed by hardware, that is pegged to grow at 6 per cent to Rs 44,400 crore and the software products segment is expected to grow at 14 per cent to Rs 34,400 crore by 2016, it said.
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While presenting the report, Microsoft Corporation India Chairman Bhaskar Pramanik said Indian IT industry is expected to touch USD 100 billion in FY 2012-13, which is approximately 7.5 per cent of GDP.

While it will continue to accelerate growth from the global market, there is an opportunity for the IT sector to work closely with the government to kick-start the economy, Pramanik, who is also the Chairman of CII National Committee on IT, ITES and e-Commerce, added.

Speaking to reporters on the sidelines of the event, Pramanik said the challenges that IT sector will face are those related to looking for growth solutions, which are fast, have a shorter time frame and are financially viable.

On spending, he said more than 50 per cent of the firms have indicated that they will step up their IT spending.

Infosys Co-founder and President - Designate CII S Gopalakrishnan stressed on adoption of IT as a transformation tool to help India leapfrog into higher growth trajectory.

2.3.2 Indian IT-BPO Industry

FY2012 is a landmark year – while the Indian IT-BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone – aggregate revenue for FY2012 is expected to cross USD 100 billion. Aggregate IT software and services revenue (excluding hardware) is estimated at USD 88 billion.
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2.3.3 Key Highlights during FY2012

Fig 4 IT-BPO Revenues FY 2008 – 2012

- Milestone year for Indian IT-BPO industry-aggregate revenues cross the USD 100 billion mark, exports at USD 69 billion
- Within the global sourcing industry, India was able to increase its market share from 51 per cent in 2009, to 58 per cent in 2011, highlighting India’s continued competitiveness and the effectiveness of India-based providers delivering transformational benefits
- Export revenues (including Hardware) estimated to reach USD 69.1 billion in FY2012 growing by over 16 per cent; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9 per cent
- Software and services revenues (excluding Hardware), comprising nearly 87 per cent of the total industry revenues, expected to post USD 87.6 billion in FY2012; estimated growth of about 14.9 per cent over FY2011
- Within Software and services exports, IT services accounts for 58 per cent, BPO is nearly 23 per cent and ER&D and Software Products account for 19 per cent
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- The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people
- As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012
- The industry’s share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to about 25 per cent in FY2012
- While the global macroeconomic scenario remained uncertain, the industry exhibited resilience and adaptability in continually reinventing itself to retain its appeal to clients
- Embracing emerging technologies, increased customer-centricity, deepening focus on new markets, adopting new business models are some successful growth strategies followed by the industry

2.3.4 A bird’s view of development of IT in India

The industry was started during early 70’s by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas. During that time Indian economy was state-controlled and the state remained hostile to the software industry throughout the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered as an “industry”, so that exporters were ineligible for bank finance. Government policy towards IT sector changed when Rajiv Gandhi became Prime Minister in 1984. His New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software (reduced to 60%), recognition of software exports as a "delicensed industry", i.e., henceforth eligible for bank finance and freed from license-permit raj; permission for foreign firms to set up wholly-owned, export oriented units and a project to set up a chain
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of software parks that would offer infrastructure at below-market costs. These policies laid the foundation for the development of a world-class IT industry in India.

In India, the software boom started in the late 1990s. Most of the Indian software companies at that time offered only limited software services such as banking and engineering software. The business software boom started with the emergence of Y2K problem, when a large number of skilled personnel were required to fulfill the mammoth database-correction demand in order to cope up with the advent of the new millennium.

2.3.5 IT industry's contribution to the key economic indicators

Considering the IT industry's contribution to the key economic indicators, Sarkar and Mehta (2005) said that there is the emergence of, New Economy. It accounts for 1/5th of the total Indian exports. New jobs are created for technical persons; it is the major forex earner and attractor of FDI. As per NASSCOM 2010 report, during 2009 the overall revenue received from IT-BPO industry was $69.4 bn. Out of which $47.5 bn was from exports and $21.9bn was from domestic market. Further for the year 2010 expected revenue is $73.1bn out of which $50.1 bn. is expected from exports and $23bn from domestic market. With respect to employment, in the year 2009, IT-BPO employed 2,200,000 directly. Out of which 958000 were employed in IT services, 738000 in BPO and 500000 in domestic market segment. Further for the year 2010 the estimated total direct employment is of 2,290,000 out of which 993000 in IT, 768000 in BPO and 525000 in domestic market.

Despite the recent economic slowdown, India’s IT-BPO sector displayed resilience to grow by 5.5 per cent India continues to take centre stage with 51% of total sourcing market. The industry has had a significant impact on the Indian economy with 30% of incremental export during 2005-09;
providing employment to nearly 8 million people in ancillary industries; and spreading up to the industry to the tier 2 and 3 cities. IT industry has turned out to be an aspiring industry for the young generation. IT industry with its different merging branches employed both highly skilled youth in hardware and software sectors and people with less technical and formal education in ITES-BPO industry. Hence it has created employment opportunities for both highly skilled and formally graduated. Some other notable impact on employment are summarized by Kumar and Joseph (2005) apart from creating jobs software industry has provided opportunities for expanding the local base of entrepreneurship. Lesser initial start-up costs and insignificant economies of the scale, especially for services enterprises reduced the entry barriers and that induced many technical professionals to start their own. Further the industry helped to reduce the extent of the brain drain by creating rewarding employment opportunities within the country, a trend also supported by availability of venture capital to implement new ideas. The rise of the software industry had also prompted a number of non-resident Indians to return to start software ventures.”

2.3.6 Notable features of Indian IT Industry:

Domination of software and BPO operations. Indian IT industry which includes the sub-sectors like Hardware, Software, ITES-BPO and recently KPO is highly dominated by software and BPO operations. The capital intensive nature of Hardware sector is found to be the reason for its declining share where as more of labor intensive nature of software industry and BPO is grooming in India. Software products attract no import duty whereas Hardware products, parts, and peripherals attract import duty ranging from five per cent to 40 per cent.
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**Upward movement in the value chain** is another feature. Early IT sector growth was mainly with "body shopping" or "onsite" work which was considered to be in the lower level of the value chain. As Chakraborthy and Jayachandran (2001) put it, the on-site work was characterized by low skill, low-tech, low investments and low return. But NASSCOM 2003 report visualize upward movement in the value chain and Indian companies offered services such as System interaction package implementation, IT outsourcing and IT consultancy.

**Mainly Export driven:** The fact observed by Heeks (1996) has not changed much till date and many other researchers like Chakraborthy and Jayachandran (2001), Varma and Sasikumar (2004), Sarkar and Mehta (2005) and others found excess export orientation in the Indian IT sector. The export direction is highly skewed towards U.S. about 60% and Europe about 20%.

**Slowly developing domestic market:** Despite IT industry being export driven, the glimpses of slowly growing domestic market can be visualized through the development of SOHO (small offices and home offices), banking and E-governance initiatives.

**Increasing quality of the products and services:** As Indian companies are acquiring global nature as indicated by Bajpai and Shastri they are adopting global practices and increasing the standard of quality. Further, following the global standards as Kumar and Joseph (2005) points out, many Indian companies equipped themselves with international certifications like ISO 9000, SEI level 5, CMM etc.

**High-wage industry:** Indian IT industry, specifically software industry is rewarding its employees with excellent pay and perks. This is inevitable to retain the short-supplied technical labor and avoid them from being grabbed by some other company.
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**Attracting Foreign Investment**: As observed by Sarkar and Mehta (2005), IT industry is attracting foreign capital in three ways; first, direct FDI is attracted as MNCs start their own subsidiaries or through the joint venture; second FII's are investing heavily in stocks and equities of IT-BPO companies; and third Non-Resident Indians also are investing in Indian IT sector by starting their own units.

2.3.7 Reasons for the Growth of IT industry:

There are various reasons for the growth of IT industry in India. Some were more visible and spontaneous and others were much subtle and in a very slow but steady manner paved way for the development of IT which is now experienced. Many considered this as a „demographic dividend for India. Availability of manpower at a comparative cheap price was the main factor according to the researchers. India’s most prized resource is its readily available technical work force. India has the second largest English-speaking scientific professionals in the world, second only to the U.S. It is estimated that India has over 4 million technical workers, over 1,832 educational institutions and polytechnics, which train more than 67,785 computer software professionals every year. The enormous base of skilled manpower is a major draw for global customers. India provides IT services at one-tenth the price. No wonder more and more companies are basing their operations in India. Some quote “Indian Education System” which places strong emphasis on mathematics and science, resulting in a large number of science and engineering graduates. Mastery over quantitative concepts coupled with English proficiency has resulted in a skill set that has enabled India to reap the benefits of the current international demand for IT. „Infrastructure” development too cannot be neglected as Indian IT industry
2.3.8 Challenges faced by Indian IT Industry

Still this growth is not free from some inherent problems and criticisms. Sustainability of this growth itself is questioned by the researchers for several reasons. Too much export orientation besides the composition and direction is a cause of concern. Extreme export orientation which inherently succumbed to international pressures is highly volatile. It requires diversification in terms of product structure and destination too. Because even today our 60% of the software export is to U.S. Already 2009 and 2010 experienced the surge due to the U.S. crisis. Excess dependence on Government concessions” as Magazine (2008) reports “despite the various advantages of the STPI policy and its evident success, a major point of contention is that the STPI policy was the inbuilt “Sunset Clause” which stipulates that all incentives offered under the policy will cease to exist s of March 31, 2009 which has recently been extended to March 2010. Any change in STPI policy will lead to the drastic decline in the cost advantage”. Even if the STPI policy has been extended for further a year due to the recession definitely one or the other day this provision will be removed. Declining technical efficiency” is explored by Reddy and Bhat (2007). There lies huge gap between actual and potential performance. On average the Indian software industry is utilizing less than 50% of their potentiality. The average technical efficiency of Indian software companies recorded highest at 45.22% in 1996 and it declined thereafter. Further they found more of a negative effect on the efficiency of software companies in India due to deregulation. Inadequate attention to the domestic market” as Kumar and Joseph (2005) observed, the Enclave nature of the operation of IT industry generated little knowledge spill over for the domestic economy. Emerging competitors” like Ireland, Canada, China, Mexico, Russia, Philippines, Thailand and other countries are in the race. It is probing serious threat to the Indian IT industry. Because attrition pushing up the
manpower cost which is eroding the cost advantages and other countries are becoming comparatively cheap. Problem of attrition and shortage of manpower is haunting IT industry. After recession again it reached double digit. Shifting of companies from employees in search of better salary, status, growth opportunities and other reason is quiet common. This is increasing the costs of the firms in two ways. To retain the employees firms have to increase their expenditure on pay and perks at another side attrition leads to increased HR costs for further recruitment, training etc. Already Indian IT industry is experiencing the shortage of technical manpower. And as per NASSCOM the shortage is of 2 million for the year 2008.

2.3.9 Further IT is criticized for creating and increasing the ‘digital divide’ based on region, gender and socio-cultural norms.

Even if as argued by researchers ICT products and services are inherently equalizing tools still the inherent bias to the access and employment opportunities leads to the inequalities. Then ICT enlarges the digital divide. Regional divide increased as Indian IT industry is highly concentrated and clustered around metropolitan cities and suburbs as Varma and Sasikumar (2004), Kumar and Joseph (2005) found in their studies. IT is developed comparatively more in Southern and western regions. Due to clustering in five cities, Bangalore, Hyderabad, Chennai, Mumbai and Delhi NCR account for 80.5% of the top companies. Jairam Ramesh in his address delivered to the NASSCOM executive board puts forth these bothersome features of glittering IT industry. The slow geographical spread of IT as only 7 cities Bangalore(33%), Delhi(15%), Chennai(14%), Hyderabad(13%), Pune(10%) , Mumbai(8%) and Kolkata(2%) accounted 95% of the total exports and another 7 cities accounted for 3% and four cities accounted for another 0.6%. Furthermore, SEZ appear to be increasing the digital divide as out of total 142 notified
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SEZs 86 were for IT and ITES. And of these 86, 26 in Andhra Pradesh, 14 in Tamil Nadu, 13 in Karnataka and 10 in Maharashtra, making total of 80% in these four states alone.

Gender-divide is already evident as Heeks (1996), Vijaybhaskar et al (2001), Varma and Sasikumar (2004) and many others found male domination in Indian IT industry. Even if NASSCOM claims increasing women employment in IT industry and expects to reach 45:65 male-female ratio at the entry level jobs, that too accepts that less than 4% reach the top level. Top positions are dominated by men whereas lower entry level jobs are filled with women. Especially BPO has seen 60:40 ratio but this sub-sector is in the lower strata. Hence jobs with more status and pay and technical expertise are with men and jobs with less status, pay and technical knowledge are with women. Rural-Urban divide has been widened as Vasanthi and Upadhya (2008) Sarkar and Mehta (2005) explains urban people are dominating the industry. Rural people lacking the required language proficiency, soft skills and access to ICT products, education and training are not making their way to this high-wage industry. Division based on caste and other socio-cultural norms too enlarged” Vasanthi and Upadhya et.al. Upadhya (2008) and Vijay Bhaskar et.al. found the employment in IT industry is not as meritocratic and equal to all as publicized. There is a more bias in favor of high and middle caste and upper and middle class society. As requisite soft skills require some socio-cultural and economic background they witness inherent bias in the supply pool of labor itself. Wage inequality is evident between IT and non-IT jobs, Within IT again in its sub-sectors like software and BPO, further within sector based on size and form of the companies, education and expertise of the worker pay differentiates. Large companies, MNCs and foreign subsidiaries pay more to the highly qualified and expert workers. Biradar (2009) explains de-skilling (raised unemployment among the illiterates and
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literates at lower levels), re-skilling (withdrawal of labor force in favor of educational institutions to acquire more knowledge and skills), skill-polarization (better career and jobs for the skilled workers and leaving the rest of the workforce in dead end low paid jobs) is witnessed.

2.3.10 IT not considered being the reliable employer:

Even if employment opportunities are created by IT industry compared to the total work force IT employment is not significant. But it has changed the whole set of employment conditions, recruitment pattern, work conditions etc. IT employs minimal as found by Heeks (1996) and Mukherjee (2008) only 0.08% of the aggregate workforce. The remarkable changes to urban lifestyle and landscape it has fostered are responsible for its tremendous visibility nationally and globally. IT employment has changed all the traditional employment patterns and conditions. Neither the industry provides employment security, nor do employees want to work for the same company till retirement.

Basically IT jobs are considered to be footloose industries as framed by Ramesh (2009). The main change in the required character of workers today is along with the technical knowledge high level of adaptability and capacity to work in a team. The traditional qualifications of physical strength and individual work ability no longer suffice. There is no longer a guarantee of lifetime employment but lifetime employability is assured through continuous upgradation. The right kind of education in the knowledge society is a new form of security as employability is assured (Low, 2000) recent recession cleared how illusive the bubble was. Many of the employees lost their jobs and highly stressful pattern of work and typical work patterns leading to social and family tensions among employees. There were reports regarding increasing suicide cases among IT employees. As many Indian companies are acquiring global companies
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‘Reverse off shoring” is witnessed. As reported by the media Indian companies are hiring aggressively, in US reversing the earlier trend. Tata Consultancy Services Limited, Software giants Infosys and Wipro re-employing American workers in Indian outfits after training in India.

2.3.11 Doubts the contribution due to high opportunity cost:
Kumar and Joseph (2005), Joseph and Harilal (2001) doubts the contribution stated by the IT industry to the economy. As the government concessions based on which they are stating the revenue the loss of revenue to the government due to the concessions and tax benefits has been not measured. Further as Joseph and Harilal et.al. Observed, there is an adverse effect on other sectors. As IT industry attracted the talent pool available in other sectors, professions and industries those sectors lost their best talent and IT is growing at the cost of other sectors development. IT development had a high „opportunity cost and it grabbed the best talent from other industries due to which others suffered a lot. Any movement of highly specialized personnel from high paying Global companies to domestic firms is impossible hence domestic economy suffers.

2.3.12 Indian IT’s closed-room Succession Planning: Mr. Pankaj Nishra
First Published: Thu, Jan 17 2013. 10 47 AM Updated: Thu, Jan 17 2013. 11 28 PM IST

Bangalore: HCL Technologies Ltd has a new chief executive officer (CEO) and Infosys Ltd could, sometime next year.

While Infosys has been projecting company veterans Ashok Vemuri, B.G. Srinivas and even V. Balakrishnan as contenders for the top post, HCL promoted Anant Gupta as the president and chief executive on Thursday to take over from current vice-chairman and chief executive Vineet Nayar.
At both firms, finding the next CEO candidate has been about picking an internal leader who understands the company’s culture, is acceptable to
other leaders internally and is also an obvious “next in the line” (So far, at Infosys, it has also been about the co-founders taking turns to occupy the corner room—in over 30 years, no non-founder has become CEO).

HCL’s choice, and Infosys’s (no matter who it is) show that most Indian information technology (IT) services companies are happy to take the easy way out and pick leaders soaked deep in the culture. Unfortunately, most of these people are capable of making incremental changes at best. They are not the kind to challenge the status quo.

Indeed, CEO transitions across India’s top tech firms are predictable—a bit like speculating whether Cherrapunji (the world record holder for the most rainfall in a calendar year) will see rains this monsoon.

Most of these firms take immense pride in being able to groom internal leaders who become CEOs. But they become CEOs because candidates outside are not even considered.

“I can’t think of a single instance when these companies actually interviewed an external candidate. At best, they (may have) looked at some names shared by a board member,” says a board member at one of the top-five Indian tech firms who spoke on the condition of anonymity.

Indeed, for three decades, Infosys’s next leaders watched as founders took charge as CEOs, one by one. “These so-called smooth transitions make you ask if in all these years, Infosys has ever considered an external candidate at all,” added the person cited above.

At Wipro Ltd, the company’s billionaire founder Azim Premji hired an outsider for the first time in 1999 when he got Vivek Paul to run and expand his fledgling ($150 million in revenue then) software business. After Paul quit in May 2005 because of some differences with Premji, Wipro has never attempted to experiment with an outsider again. The company instead had five presidents (Sudip Banerjee, A.L. Rao, Girish Paranjpe, Suresh Vaswani and T.K. Kurien) running different business units until it created a joint CEO leadership model by promoting Paranjpe and Vaswani in April 2008.

Wipro was finally forced to scrap the joint CEO model in February 2011 after several quarters of poor performance. Premji replaced the joint CEOs with Kurien, another company veteran.

Top recruitment firms specializing in CEO searches say they have almost given up on large Indian tech firms as a source for any future business.

“They fear that an external candidate may disrupt existing processes, but maybe that’s something they actually need the most now,” says the head of
a multinational head hunting firm who, too, spoke on the condition of anonymity.

The question these firms need to answer while looking for their next CEO is about what they need to do to compete more effectively with Accenture Plc and IBM Corp.

Unfortunately, the CEO search mandate is mostly about picking an obvious next-in-line capable enough to manage thousands of people in an increasingly complex environment.

Though Hewlett Packard Co. (H-P) may not be the best example of anything at this moment, the board of the stricken company can’t be faulted with trying all options. In the past two-and-a-half years, the H-P board has gone through four CEOs.

This is not to suggest that internal candidates do not make good CEOs. IBM is a very successful example of how internal leaders can be groomed to become CEOs. In its 100-year history, the only time IBM brought an outsider to run the company was in 1993 when it appointed Louis V. Gerstner to succeed John Akers who was forced out by the board before the retirement age of 60. Then, every new CEO has been able to take IBM to a different orbit. Once a product company, IBM’s business is now driven by services and consulting.

When the first-generation entrepreneurs such as Shiv Nadar or even N.R. Narayana Murthy looked to pass on the baton, there was nothing wrong with the idea of picking up an internal candidate groomed and mentored for the role. The environment was not as challenging. The Indian offshoring model was considered a unique proposition by clients and these firms needed leaders who could build a massive delivery engine capable of beating IBM and Accenture in quality and cost.

Now, it’s no more about cost effectiveness. IBM, with around 170,000 staff in India, is as big in offshore delivery as any of the top-three Indian tech firms.

Indian IT’s first generation entrepreneurs and boards need to ask what kind of leadership attributes are now required. These boards need to ensure their firms do not end up in the same situation as Europe’s biggest software firms that ignored globalization for many years and are now finally waking up to much grief.
Anand Sankaran of Wipro quits
First Published: Thu, Oct 03 2013, 12 25 PM IST

Bangalore: Anand Sankaran, a Wipro Ltd veteran who led the company’s computer infrastructure management business as senior vice-president, has quit, three people familiar with the development said on Thursday. Wipro later confirmed this.

Sankaran, who has been with Wipro for nearly two-and-a-half decades, helped the software services provider grow its business in India to around Rs.7,000 crore and last year was appointed as the head of the merged business that included infrastructure management.

"Wipro confirms that after a sterling career of over 24 years with Wipro, Anand Sankaran, currently senior vice-president for global infrastructure services and Wipro Infotech, has decided to pursue a career outside of Wipro," the company said in a statement.

One of the three people mentioned above, requesting anonymity, said Sankaran was being seen among top contenders for a bigger role at Wipro but that was until two years ago when the company’s board decided to restructure the management. “Anand has always been ambitious and a true Wipro-ite,” this person said.

His exit comes at a time when Wipro is undergoing an organizational overhaul. Over the past five years, Wipro has consistently lost significant market share to rivals such as Tata Consultancy Services Ltd and Cognizant Technology Solutions Corp. In 2011, Wipro chairman Azim Premji appointed T.K. Kurien as chief executive to lead a turnaround in its fortunes and revive flagging revenue growth. Kurien collapsed complex organizational structures that earlier reported to two joint chiefs, shifted decision-making powers to leaders managing different business units and poached high-performing executives from rivals to create a new organization.

The company, however, continued to lag rivals in overall growth and, barring its energy and utility business, failed to become a leader in the banking and financial services and manufacturing sectors. The banking, financial services and insurance sector contributes 30-40% to revenue for India’s IT sector. In an interview in August, Sankaran had said the company will not exit its money-losing computer hardware business. Sales from the hardware business have been consistently declining over the past
three years and some experts have said the company should hive it off. In the June quarter, hardware sales fell about 7% from a year ago. Hardware sales now make up less than 10% of the overall revenue, down from its 15-20% contribution two-three years ago. "Every year, we evaluate the strategic nature of our businesses and we'll continue doing that. As long as we believe that is strategic to our business, we'll continue with it. If we believe that it is not strategic to us, we'll discontinue with it—and it’s not just hardware, it could be any of our businesses," Sankaran had said in that interview, when asked whether the company was evaluating strategic options, including hiving off or selling the hardware business. At the time of filing this story, a Wipro spokesperson had not got back with official response.
2.4. Case Study

Companies successfully managing “Talent”

2.4.1 Introduction:

Talent is the Edge –

If businesses managed their money as carelessly as they manage their people, most would be bankrupt.

The great majority of companies that control their finances masterfully do not have any comparable processes for developing their leaders or even pinpointing which ones to develop. No matter how much effort they put into recruiting, training, and assessing their leaders, their Talent Management remains a hit or a miss: governed by superficial criteria and outdated concepts, dependent on as much on luck as on skill.

Talent is the leading indicator of whether a business is headed up or down. Talent will be a big differentiator between the companies that succeed and those that don’t. Those that win will be led by people who can adapt their organization to change, make right strategic bets, take calculated risks, conceive and execute new value adding opportunities, and build and rebuild the competitive advantage.

Only one competency. It is the ability to create a steady, self renewing stream of leaders. Money is just a commodity. Talent supplies the edge. We can’t put it any better than Ron Nersesian, the head of Agilent...
Technologies Electronic Measurement Group: “Developing peoples talent is the whole of company at the end of the day. Our products all are time perishable. The only thing that stays is the institutional learning and the development of skills and the capabilities we have in our people.” Companies such as GE, P&G, Hindustan Lever, and some others analyze talent, understand it, shape it, build it through a combination of disciplined routines and processes, and something even rarer and harder to observe from outside: a collective expertise, honed through the years of continuous improvement in recognizing and developing talent.

These companies have proved the myth that the judgment of human potential is a “soft art”. Their rigorous, iterative, and repetitive processes convert subjective judgment about a person’s talent into an objective set of observations that are specific, verifiable and concrete as the financial statement. They have ultimately just as analysis of a embedded in their culture the habits of observing talent, making judgments about it, and figuring out how to unleash it. They draw from their large toolboxes and creative imaginations to accelerate the leader’s growth. Their executives are expected to make developing, deploying, and refreshing leadership talent and every day, top of the mind part of their jobs, and they are held accountable for how well they do it. These companies are building for long term.
2.4.2 Case 1. Steve Jobs – The Surreal Talent Master-

Why has Steve Jobs beaten all expectations in his second act at Apple? (including his own; when apple’s value overtook Microsoft in June 2010, Jobs called the development surreal.”) in the dozen years since he reclaimed the failing company, he has turned it into a hard driving, cash generating machine. He doesn’t just develop new products; he changes games. The ipod, iPhone, and iPad, along with iTunes, have created massive disruptions, forcing the players in the music and telecom industries – among others to change their business models.

So what describes Jobs? He’s creative, innovative, entrepreneurial, he is a master of communication; he breaks the paradigm, creates new businesses, he changes the game of other people.

There is a legendary story about him, one of the Apple director told about the special board meeting held after Jobs accepted the post. Jobs walked up to the wall of the conference room where Apple’s roughly two dozen currently products were on display and began taking them own, one at a time. When he was done, only four were left. Those were the ones; he said that would give Apple new life by differentiating it in the market place. The story provided two observable and verifiable facts about Jobs: he understands what appeals to the customers, and he acts decisively. Such was his acumen – his talent to think ahead of times, and of competitors. The success of the iPod was the result of great insight, coupled with brilliant execution. At the time Napster had created an uproar in the market of recorded music with its file sharing service that allowed users to
swap downloaded MP3 files with each other. Jobs saw that the technology
could create a legal market by ensuring the music industry a stream of
revenues. And the market could be huge—a new social phenomenon. The
iPod lifted the Apple brand to unprecedented heights, giving Mac sales a
boost and reestablishing the company’s reputation as a leader in innovation.
Jobs spends almost all his **time internally** with roughly a hundred experts
in software, hardware, design, and the technologies of metal, plastic and
glass. Every Monday morning, he brought them together to **review products and challenges** of designing and executing them. It was one of
his **social processes** of connecting multiple disciplines to create compelling
products. He had been doing it rigorously for a dozen years. **Four hours a**
**week, fifty weeks a year, for twelve years equals 2,400 hours spent**
**building a mental relationship capital by connecting the kind of**
approach that turns an athletic team into an unsurpassed champion.
Jobs is one of the few CEO’s with such a disciplined practice of connecting
the dots. He broke the Paradigms.

Always tremendously protective about his brand and margins, he gave
iPhone to one carrier exclusively, At&T. In exchange, Apple got the price it
wanted and for the first time in. Telecom history—a share of the carrier’s
revenue from the usage of the phone; this was groundbreaking. Finally, it
made money on the sale of its countless applications. Most of the revenue
streams flow straight to the bottom line, producing cash everyday and
making iPhone Apple’s biggest moneymaker. Jobs verifiable action shows
not only his business acumen but also the audacity and courage he
exercised to reverse the power balance between a mighty carrier and a
lowly handset supplier.
2.4.2.1 Understanding Steve Jobs

Steve Jobs' natural talent is to imagine not only what customers want now but also what they will want in the future. He searches for discontinuities in the external landscape. He figures out the trajectories of new opportunities. He then conceives and executes not only differentiated products that yield high margin and high brand recognition, but also the business models that will exploit them most profitably. He views product as an experience not just an object. He can visualize what it will look like, and can execute it near perfection. He makes advance technology friendly to customers based on his uncommon talent for connecting it to the user experience. He has an innate feel for design, convenience, simplicity, and elegance in the product. He connects the best ideas from widely diverse disciplines to create the consumer experience he is striving for. He figures out precisely what problems to solve, however impossible they seem, and searches for the best people to solve them regardless of their status. He is a master of communications. He crafts simple messages, leveraging his record of innovation to create buzz and build demand for the new product even before it is launched. He relates with consumers and employees, partners and turns them into rabid fans. He builds their trust in him, in Apple, and in the Apple brand.
2.4.2.2 The Talent Management practices takeaway:

1. The talent leaders do not resort to vague cliché’s or rely on batteries of mechanistic tests, to assess talent.
2. Instead they study the behavior or actions and decisions of individuals and link these to actual business performance.
3. They dig to understand an individual’s unique combination of traits.
4. They work to become intimate with their talent, i.e. to know the essence of each individual.
5. They build depth of knowledge about people, a database in their minds.
6. Every encounter invokes an observation. Accumulation of these observations done consciously produces a complete picture of whole person.
7. The deeper more accurate knowledge is the key to high quality decisions about leaders. It grows raw talent into its full potential.
8. Increasing the opportunities to increase capacity and the capability leads to kind of growth that expands the cognitive bandwidth and produces higher levels of leaderships.
9. The talent leaders put stretches on potential candidates – because ambitious and capable people will know that they don’t have to wait for slots to open.
10. Talent leaders get to the core of persons values, behaviors, beliefs and talent. This enables to develop insights and options to speed their growth and development.
11. Insight into individuals Talents and foresight into succession planning puts emphasis on opening paths for the leaders to grow their talent and become even more capable.
2.4.3 Case 2: GE’s Talent Management Practices

Any research with art and science of talent leaders starts with General Electric. Always an innovator in the field, GE became a hotbed of revolution under Jack Welch. He laid the foundation principles of his companies Talent Management System, they continue to guide the company as it involves. GE’s leadership development is probably most widely benchmarked and emulated than that of any other company. Executives who come to study GE listen attentively to the presentation it gives, but few come away truly understanding its guts. GE’s values, processes make up the operating system that it calls “the playbook”.

It is important to notice and understand the subtler factors that make the system work, which are instinctive, and happen routinely in GE culture. The straightforward and candid discussions talent processes, the social systems that integrate seemingly discrete meetings into a constant process.

At GE, both strategic plan meetings and operation review include a thorough review of the people needed to execute the plan. People session start with business overview, since the business results come directly from the people involved. Business reviews always start with an assessment of the leadership team. Every encounter is both a coaching opportunity and a chance to register an observation that overtime adds to the “intimacy” data bank.
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The system works only because it is rigorous and constantly challenges people to prove them. Leaders are rewarded as much on how well they lead people as they are rewarded on how well they are on the business numbers they deliver. In addition to looking at their top and bottom-line results, business leaders consistently focus on answering questions like:

- Who are the promising leaders?
- Where do they fit? How can they do better?
- What do we do to help them realize their potential faster?
- How well are we doing as the company in developing the leaders we need?

Dialogues are candid, unreservedly so. Between the meetings devoted to business results and people development, GE’s social processes continue the dialogues both formally and informally, day by day, week by week. The leaders come to know their people intimately. There are no strangers at the top. The CEO and Senior Vice president of HR know the top six hundred executives that almost become a family.

2.4.3.1 How GE links people and numbers:

Most companies have a rhythm of managing the organization of periodic reviews. Seven are standard: Talent, strategy, operating plans, quarterly performance reviews, innovation, risk or technology reviews. These reviews are in combination what we call an operating system. The problem at many companies is that reviews tend to stand alone, strategy reviews are linked to next strategy review, talent review only to next review. They are not linked to one another, and thus don’t integrate and reinforce the knowledge gained in each. GE uses output from one process as input to another.
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Fig 5 The guts of GE’s Operating system

<table>
<thead>
<tr>
<th>January</th>
<th>July</th>
<th>November</th>
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<tr>
<td>People Review</td>
<td>Strategy</td>
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<td>(Session C)</td>
<td>Growth Play Book</td>
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<td>follow–up on session C</td>
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Key points:

1. Leaders commit time and energy to talent. They put people before numbers.
2. Reviews are rigorous and robust and linked to one another.
3. Coaching and feedback are constant, direct and substantive.
4. Observations are accumulated from multiple sources over time and in comparison with others.
5. Dialogue is candid and ongoing throughout the year.

Jack Welch took GE’s operation system to a new level and created the culture of forthrightness and candor, the next leader Jeff Immelt continues to develop them. But the core process originated nearly a hundred years previously with Charles Coffin, the successor to Thomas Edison. Coffin established the principle of meritocracy with measured performance – a radical approach when businessmen everywhere chose their replacements largely on rough judgments and personal considerations. Each succeeding generation of GE Leader has expanded on the principle.

Jack Welch objective in restructuring GE was to improve company’s Talent Management: He wanted leaders, not managers. What he accomplished was nothing less than a revolution that crystallized company’s values and culture into rigorous operating mechanisms and social systems.

“A Study of Talent Management Practices in IT Industries in Pune Region” Page 150
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He used tools like “Work out and Change Acceleration Process”, in which he and other leaders formulated at the Crotonville centre. Work out was the way to collapse hierarchy and get the voice from factory floor up to the CEO and not incidentally, to get candor into the dialogue. People met in the groups of fifty to hundred, including every level from top management to machine tool operators and assembly line workers. GE brought in outsiders as facilitators - b-school professors and consultants. The concept remains alive today, done more instinctively and informally than a special event. Importantly, Work out was an opening salvo in Jack Welch’s battle to break down typical communication barriers - silo mentalities, the tendency for leaders to pull rant instead of open debate and dialogue that places harmony over truth.

This was the beginning of his trying to create a revolution from the bottom up, and it was all about simplifying and eliminating bureaucracy and putting the voice into the organization. It delayered a lot of hierarchy.

Jack Welch’s next big move was to radically overhaul session C. The heart of GE’s Talent Management process, Session C is an in depth interview of each business unit’s leadership. It is where the decisions on development, deployment, and retention are made and followed through on. Meetings include GE’s CEO and HR Director, the business unit manager, and the hr director of that business unit. When they sit down they have voluminous information about leaders at all levels.

Welch brought the session alive, put angst ion the system and instigated live discussions on the positives and the negatives of the leaders. He incited debates to test the person’s conviction. If they backed off, he figured they didn’t really know what they were talking about. He turned session C from an event to an institutionalized process that reflected and enforced GE’s core values and culture. Welch was teaching people the art of drilling down to get at people’s core qualities. He strove to isolate the real talent of the
person to the context that he or she was working in, with the aim of re-enforcing it and taking it further. He was role-modeling, building the new culture and institutionalizing the rigor around Talent Management.

2.4.3.2 The Key deliverables of Session C – people review:

1. Business issues and their external context
2. Overall performance and the value ratings for all key people.
3. The succession plan (back ups for key jobs), prepared initially by the CEO and the head HR for each business
4. Identifying the highest potential leaders
5. An assessment of diversity in every business.
6. Nominations of people to go to the top executive courses at Crotonville
7. Analysis of CEO opinion survey results, including a review of the progress on employee engagement – the overall satisfaction of people with the employee.

Jeff Immelt, has added a new element to session C: the balance and chemistry among the CEO, CFO, and HR leader of every business. His goals are a diversity of thought and characteristic and willingness to work collaboratively.

2.4.3.3 Summary of GE’s Talent Management Practices:
The GE Talent Management system is a complex mixture of software and the hardware. Yet when you boil down to the key elements, the resulting list is relatively simple. Most important it is actionable and customizable: you can begin to think about how you will achieve these in your own organization, in your own way:
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1. **Formalized evaluation mechanisms** – Session C that is followed by session C2. This is central to building a company’s Talent.

2. **The pursuit of accurate knowledge about individuals:** it comes not only in formal meetings and evaluation, but continually. Leaders get to know about the people’s natural talents and hone their judgments’ collectively through cross verification of multiple observations, through multiple lenses.

3. **Timely, constructive oral and written feedback** delivered through the year.

4. **Self evaluation:** Every year every leader must cite an action plan associated with addressing them.

5. The responsibility of leaders to develop other leaders.

6. The practice of **GE Values**.

2.4.4 Insights of Talent Management from Hindustan Unilever:

The successive generations of leader’s progress from apprentice to mentor, HUL’s virtuous circle of leadership development continuously builds and renews its organizational muscle. Its an invisible, qualitative social process, but its specific elements can be pinpointed:

1. The special pipeline for the leaders from the recruitment onward
2. Consistent focus on what and how of leadership
3. Senior management joint calibration of their frequent direct observations, evaluation, and mentoring of future leaders.
4. The attention to coaching by managers at all levels
5. The always demanding approach to individual leaders development path, with significant leadership opportunity and both cross functional and cross divisional experience in the crucial first three years of a future leader’s career.
6. Grow great leaders with great challenges.

HUL pursues excellence in leadership at every level of the organization – including the succession of superb CEO’s. Fast developing leaders provide enormous competitive advantage in fast changing markets.
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2.4.5 A Case Study of Face books Simply amazing Talent Management Practises by Dr. John Sullivan  Sep 9, 2013, 6:32 am ET


Almost everyone is aware of Facebook. Usually that knowledge comes from either using its social media product or by reading about its CEO. However, the unique aspects of the firm that almost no one is aware of are its distinct and powerful Talent.

In most cases, it takes literally several decades to develop an exceptional company that has a unique set of Talent that produce phenomenal business results. But occasionally there are exceptions. Apple became exceptional again in little more than a decade after the return of Steve Jobs. Google developed exceptional people management practices and business results in much less than a decade. But Face book has gone from a college dorm room idea to undisputed social media dominance in literally less than a handful of years. And now it’s time to cover the amazing Talent Management Practices at Face book that result in breathtaking workforce productivity levels.

Here within 15 months of its IPO, the average employee produces over $1.3 million in revenue and $120,000 in profit each a year. The firm’s global product reaches over 1.2 billion users, its stock price has been on a tear, and it has successfully shifted from an exclusively PC web-based platform to one that instead relies on the rapid growth of the mobile platform. Glass door has rated the firm No. 1 for employee satisfaction and its employees rate its CEO No. 1 with an almost perfect 99 percent approval rating. If your firm would like to learn from what I can only call simply amazing and results generating talent practices, read on.
2.4.5.1 The Top 45 Most Unique and Exciting Talent Management Practices of Face book

I’ve been visiting and studying Face book since 2008 (I have no financial relationship with the company). During that time I’ve compiled a list of management and Talent* that it has implemented. Most are unique and many have clearly not been directly copied from talent competitors like Google, Twitter, and Apple. My primary contribution in this case study is to provide insight into the business reasoning behind each of its unique practices. The 45+ features are separated into 10 different categories. As you scan through these best practices, see if you don’t agree that they are unique in that they push the envelope.

Employees are a High Value Corporate Asset (Practises)

1. **A powerful business case** – of all of the things to remember about Facebook, it is that someone in HR or lower management convinced executives to fund and implement each one of the “crazy” and unique things that you will read about in this case study. Remember that Facebook is no different than any other firm; crazy ideas go nowhere unless a compelling ROI business case is first made to executives.

2. **Quantifying the value of employees** – nothing spurs executives to focus on Talent Management like quantifying in dollars the added economic value of having top-performing versus average ones. Face book (along with Google and Apple) has taken the time to put a dollar value on its employee assets. For example, Face book’s Director Of Corporate Development Vaughan Smith has estimated that when recruiting, “Engineers are worth half a million to one million” (each). When a single engineer is worth up to $1 million, you strongly invest in recruiting and in increasing their productivity, and you certainly don’t
focus on the relatively miniscule cost per hire that it takes to recruit them.

**2.4.5.2. WOW features/Talent Practices that provide employees’ amazing choices**

1. **Extended six-week boot camp on boarding with a choice** – most corporate on boarding is a relatively simple and often boring one day “form filling out” exercise (Face book instead provides the needed paperwork to the employee before they start). Its approach is unique because it is extended over an industry-leading six weeks. And during that time, rather than watching videos and hearing lectures, employees actually work on teams that spend their time working on multiple real projects. And to demonstrate its trust in new hires, during this time boot campers have full access to the complete computer code behind Facebook. Each employee is assigned a mentor. But the most powerful part of the onboarding is that at the end of the process, each employee is asked, “Which team and project within Facebook would you like to join?” This is powerful because when you apply for a job, you really have no way of knowing which team or project would be a best fit for you. I know of no other organization on the planet that gives new hires a team choice.

2. **Hackamonth self-directed internal movement** – at most organizations, getting approval to move to a new job is a complex often political process where the employee has little control. However Facebook’s Hackamonth process is the opposite because it is a self-directed internal movement process. It allows employees who have worked on a project for a year to select their own next project team and after working with them for a month, if they like it, they can stay.
* Note: just like at any firm, benefits and features are continually changing; however, unless noted otherwise, those listed here were current at its headquarters as of August 2013.

**It doesn’t just have free food, it offers amazing food**

1. **Free ice cream and cookies is a life-changing experience** – Google is justifiably famous for publicizing free gourmet food, but Facebook wins the award hands down for the most compelling food. With a relatively young and healthy employee population that doesn’t have to overly worry about its weight, what could be more compelling than a free ice cream store and bakery? A dozen varieties of ice cream, low-fat yogurt, milkshakes, sundaes, as well as cakes, pies, and the absolutely essential cookies, all unlimited and for free. After one visit and without hesitation, I classify this as the No. 1 most compelling “fun” company features on the planet.

2. **Free barbecue** — even though the Silicon Valley isn’t in Texas, who doesn’t love barbecue? Facebook’s open-pit barbecue is particularly compelling because it is centrally located, and as a result, the smokes from the barbecue waffles throughout the campus making employees think of barbecue. You simply can’t miss it. Of course the barbecue is free but the best feature is that the BBQ shack is in the middle of an open courtyard, where employees can collaborate while in line and then sit in the California sun and eat on picnic tables and chairs.

3. **A global array of food keeps employees on campus** — because its 3,000+ employee population includes a large number of younger people from all over the world, it makes sense that it offers food day and night that fits every “global fast food group.” The last time I was there I had sophisticated French food that was as good as I eat in Paris, and like the
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French it also bakes all of its own bread on site. But it also offers hamburgers, pizza, and tacos as well as an espresso bar and unlimited snacks throughout the day. Being in California, it of course also offers health food including a salad bar, a juice bar, and sushi, as well as vegetarian and vegan options. Employees clearly take advantage of the free food because its roughly 2,400 employees at headquarters eat an average of 7,200 meals a day. The Facebook Culinary Team accepts food requests from employees and it lets employees know what’s on the menu, using of course a Facebook page.

4. **Happy Hour every Friday** – one of the features that seem to startle most corporate people outside of the Silicon Valley is the availability of alcohol at Silicon Valley firms. At Facebook it is available on Friday happy hours and during employee-generated special events. A reason for allowing it at firms is that management simply can’t be credible when it says that it “trusts its employees” if it doesn’t trust its employees to be reasonable in the use of alcohol.

2.4.5.3 Its management approach focuses on speed and risk-taking

1. **Speed is essential, so “move fast and break things.”** – Facebook isn’t unique in that speed is critical to being first to market. At Facebook, management proactively encourages employees to move incredibly fast, even though it will obviously result in some failures. Many firms have slogans, but Facebook goes to the extreme of painting corporate culture slogans larger-than-life on walls throughout the facility, and one of Facebook’s most prominent slogans is “Move fast and break things.” The concept follows the CEO’s idea that “If you never break anything, you’re probably not moving fast enough.” At Facebook, “We’re less afraid of making mistakes than we are of losing
opportunities.” Another slogan emphasizes the importance of getting things finished and implemented rather than waiting until they are perfect, and that slogan is … “Done is better than perfect.”

2. **“Be Bold” and take risks** — most corporate cultures are risk adverse, and in many cases, to the point where everyone is afraid to fail even once. Face book is the complete opposite; its culture encourages bold decision-making and risk-taking. Its approach is illustrated by these less-than-subtle slogans: “The riskiest thing is to take no risks,” and “We encourage everyone to make bold decisions, even if that means being wrong some of the time,” and “In a world that’s changing so quickly, you’re guaranteed to fail if you don’t take any risks.” In a world where going first and being innovative is of course full of huge risks, you have no choice but to find a way to convince your employees to avoid the more common and natural conservative approach.

3. **The strong culture enabled a 180-degree shift in direction** — the real strength of any company culture is its ability to change and shift the focus of its employees when the market requires it. The Facebook product has always been a website-housed product that was accessed through a PC. However you have to credit the CEO and the company culture for quickly realizing that the smart phone would eventually become the dominant platform. And in a period of less than two years, the company made a successful shift so that its product is now primarily accessed through the mobile platform and the smart phone. To make the 180-degree shift even more impressive, the advertising revenue from the mobile platform is now becoming a larger part of Facebook’s profit. The culture has also survived the loss of significant revenue from the decreased popularity of Facebook-based games from Zynga.
2.4.5.4 A focus on excellence in recruiting

1. **It is ranked the No. 1 employer brand** – Facebook excels at spreading its “best place to work” employer brand image. In 2013 Facebook was listed as the No. 1 employer brand by Glassdoor for having the most satisfied employees. It was No. 1 because its employees are “Challenged every day to do your best work” and “The company’s leadership truly believes in Facebook’s mission to make the world more open and connected.” My research reveals that “doing the best work of your life” and “changing the world” are the top two factors that attract and retain innovators and top performers at any organization. They received an amazing 4.7 rating out of 5, where the next closest employer is rated a 4.5 and talent competitor Google received a 4.3.

2. **Acqui-hiring is a unique corporate practice** – I haven’t found a single firm that can match Facebook’s signature recruiting practice of acqui-hiring. Acqui-hiring is where you acquire (usually smaller firms) primarily for their talent, rather than for their products or customers. Until its recent Instagram purchase, almost all of Facebook’s acquisitions had as a primary goal to acquire technical talent. The added advantage of this practice is that you get a whole “intact team” that if integrated correctly, can be productive almost immediately. “Acquiring the firm” may be the only way to capture “startup/hacker mentality” talent that wouldn’t on their own ever consider applying for a job at a large corporation, even one as exciting as Facebook.

3. **Obviously it can’t require a college degree** – because its obviously successful CEO is a college dropout, it would be glaringly inconsistent and perhaps a little embarrassing to require a new hire to have a college degree. As one of the recruiters put it, “It would be weird for us to
require a college degree." So instead, its recruiting focus is "If you can build awesome stuff and have big impact, that's all we're really looking for." Not requiring a completed degree gives it a chance to land top talent long before other firms, which must wait until after they graduate.

4. **Contest-based recruiting reveals what a prospect can build** – Facebook, like many other Silicon Valley firms, relies heavily on Internet-based technical contests to find hidden or "non-obvious" talent from around the world. These relatively inexpensive contests have simple names like "The Facebook Hacker Cup" but they allow the firm to find people based on the problems they can solve, and what you can build is a major corporate focus. Because contestants are initially anonymous, the winners who are targeted for recruiting are selected because of their work and not as a result of their degrees, experience, gender, or where they reside. Facebook also recruits at algorithm coding contests sponsored by others including TopCoder and Kaggle.

5. **Hackathon College recruiting** – each year Facebook visits more than a dozen college campuses and while there, challenges self-selected teams to come up with solutions to real technical problems. The finalists are brought to the Facebook headquarters for "Camp Hackathon," where their solutions are judged and the winners get a small prize and an offer of a summer internship. The students get to keep their ideas in case they want to develop their own startup around it.

6. **It's CEO as its chief recruiter** – most organizations dream of having its CEO occasionally involved in recruiting but Mark Zuckerberg takes it to the next level. He assumes the role of chief recruiter by periodically speaking publicly about the firm and by visiting college campuses in order to directly attract potential recruits from among faculty and students.
7. **Employee referral “Ninja hunts”** — Face book, like most other Silicon Valley firms, relies heavily on employee referrals to identify top recruits. One of its creative approaches for generating names are called “Ninja Hunts,” where recruiters typically ask a gathered group of employees to think about all their friends to see if some of them would be great engineers for Face book (where Ninja is their name for an exceptional engineer).

8. **Overall recruiting and retention success** — overall, Face book seems to excel at recruiting as a result of a combination of its powerful product and employer brands. In fact, Mark Zuckerberg recently stated that “We’re doing really well against the hiring goals that we have.” My sources also tell me that Facebook has been able to largely protect its staff from raiding, resulting in a single-digit turnover rate.

2.4.5.5 **Economic rewards and employee benefits**

1. **Face book offers unlimited sick days** — most firms would never even consider offering unlimited sick days, but if your work is truly exciting, your teammates count on you, and you are rewarded for performance, there are few who want to miss much work for frivolous reasons. There are also few better ways to demonstrate your trust in your employees than to offer them unlimited sick days. Facebook also offers 21 days of paid time off each year (essentially a month off) for even new employees.

2. **Amazing benefits for new parents** — Face book, like most tech firms, struggles to hire and keep women engineers. So it offers close-in reserved parking spaces for those who are pregnant. It also offers “four months paid parental leave for both spouses, reimbursement for some daycare and adoption fees, and $4,000 “baby cash” for a new arrival.
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3. **Rewards are based on performance** — the goal is for employee rewards to be differentiated based on performance results and from data from its comprehensive coworker feedback process. One internal source estimates that the reward differential between a bottom and top performer at the same level can be up to 300 percent. Nothing sends a clearer message to employees that performance matters (over status and tenure) than a large percentage differential between top and average performer rewards.

4. **An opportunity for wealth** — although the firm appears to offer competitive salaries, the prime economic incentive are Restricted Stock Units, which keep employees focused on producing business results. And that business results focus also encourages cooperation and sharing with among employees. Everyone seems to agree that employees get generous RSUs as part of their regular pay package and as bonuses. Obviously many employees got rich as a result of the IPO; however, the opportunity for wealth still exists because the stock now exceeds the IPO level and its value has been growing at a rapid rate.

5. **It encouraged workers to drop by at any time** — one of the most compelling work-increasing “benefits” that I have ever come across occurred at Face book in its early years (2008 – 2009). Face book paid its employees $600 each month extra for living within a mile of Facebook headquarters. The goal was to subtly encourage employees to live close by so that it was easy for them to casually drop in for free food but also for extra work and collaboration. The unintended impact on dramatically raising rents around its Palo Alto headquarters was one reason for eliminating this practice in 2009.
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2.5 Summary Literature Review

1. Talent Management drives business success, and is a viable path towards improving organizational performance. Companies that want to grow and improve their systems and processes must focus on the people practices that allow or foster that growth and improvement.

2. Organizations that understand the business case for Talent Management successfully link Talent Management and organizational strategy, reaping benefits in increased workplace performance.

3. Organizations are seeking effective ways to measure talent and determine bottom line impact.

4. For Talent Management initiatives to be effective, organizations need formal processes, with many people involved and with strong links between leadership and talent to translate into specific organizational value-based behaviors.

5. Senior leadership focuses on clearly communicating the business strategy to the workforce as well as defining the role people play to execute that strategy. Effective leaders have a clear understanding of what drives value in their organizations, what motivates their customers and how to achieve growth in the future. Many companies have developed Talent Management metrics to support business and financial measures, with metrics built into the balanced scorecard.

6. While responsibility for Talent Management is shared throughout the organization—from the CEO to the line manager—the role of HR is to identify and deploy optimal strategies to engage employees by driving satisfaction, loyalty and retention. Commitment to Talent Management requires HR to be a strategic business partner.
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7. Under the Talent Management umbrella, succession planning and leadership development are important organizational business strategies to develop and retain talent.

8. Organizational culture, employee engagement and leadership development have a significant impact on talent retention.

9. Over time, common themes around Talent Management are emerging, such as the role of line leaders in the development of talent. Overall, the main recurring themes are CEO involvement, culture, management, processes and accountability.

10. Talent Management strategies focus on five primary areas: attracting, selecting, engaging, developing and retaining employees.

11. Talent is becoming more critical to quality variable to corporate performance, being that specific need for talent is unpredictable and acquiring talent at right time, and number is prerogative of Talent Acquisition team in the organization.

12. Talent Management forces companies to become aware of—and assess—their workforce talent and current and future talent needs.

13. Leading companies make attracting, engaging and retaining employees a strategic business priority.

14. Rewards and recognition also help both to retain talent and to improve performance. A Carlson/Gallup study on employee engagement and business success showed that employees who were extremely satisfied at work were four times more, likely than dissatisfied employees to have a formal measurement process in place as well as receive regular recognition.

15. Through the performance management system, managers are held accountable for employee retention and creating opportunities for high-potential employees.
16. Workforce trends drive Talent Management strategies. Factors such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce have forever changed the workplace.

17. Talent Management metrics link human capital investment to financial performance. According to management gurus Huselid, Becker and Beatty, there are three critical challenges to successful workforce measurement and management. First, there is “the perspective challenge”—meaning, do all managers really understand how workforce behaviors and capabilities drive strategy execution? Second, there is “the metrics challenge”—that is, are the right measures of workforce success identified (e.g., workforce culture, mindset, leadership, Competencies and behaviors)? The third challenge is “the execution challenge”—specifically, in order to monitor progress and communicate the strategic intent of Talent Management initiatives are managers motivated to use these data and do they have access and capability to do so?

18. Workforce planning: evolving business process, aimed at matching employees to jobs that align with critical business requirements and with individual talents and skill sets.

19. The knowledge economy. The transition to a knowledge economy has transformed the way we value companies. Talent is now a required strategic asset.

20. Skills gaps and structural unemployment. An ever-increasing pace of change means organizations will face more structural unemployment challenges and skill gap issues. As a result, reskilling and continuous peer-to-peer learning cultures will become increasingly The key demographic factors driving changes in Talent Management are
21. Workplace and team diversity is increasing, principally fueled by globalization and demographic changes. A more diverse pool of talent affords new opportunities such as hiring workers who are underrepresented in the workforce of a particular country to gain competitive advantage.

22. Technology advances are increasing exponentially. As candidates and employees adopt new gadgets and technology in their personal lives, they will increasingly expect similar tools and levels of empowerment in their professional lives. They will judge employers by their commitment to employee enablement and the company’s ability to quickly transition consumer tech to enterprise tech.

23. The manifest talent loses its edge and degenerates if it doesn’t progress in terms of skill, knowledge, performance, motivation, character and consciousness. Similarly, the vital person must be given the freedom and the opportunity to develop all the potentialities of her vital and pragmatic mind to their utmost limits.

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Based on above summary following Talent Management Practices have been identified for the study:

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