CHAPTER – 1
Introduction

1.1 Background of the study:

In today’s dynamic business world, Talent Management has become one of the most important issue. Any organisation to attain its core competency requires talent people who are the key factor of organisation success. Organisations all over the world have realised the relevance of Talent Management and considered it to be the key challenges in today’s global competition.

The organisations who practice and focus strongly on Talent Management are found to be success in attracting talented people, in achieving business goals, satisfying customers and also helps organisation in maximising its profit (Bethke-Langenegger, Mahler, & Staffelbach, 2011). It is proved that Talent Management is a tool for achieving increased profits (Milton Friedman).

The concept of Talent Management emerged after Mckinsey & Company in 1997 coined the phrase “War for Talent”. Mckinsey study explains the problem of shortage of talents of today’s contemporary business world and the struggle of the firms to attract and retain human capital which is considered to be the most important asset (Mckinsey & Company, 2001).

It is been observed that Talent Management is considered to be a contemporary problem which has a positive relation between business strategy to obtain the success in organisations. In this context, McDonnell (2011) has stated that Talent Management is one of the most important factors in ensuring sustainable organisational success. Similarly, according to CEOs Report of the Surveys of Price Waterhouse Coopers (2009), managing and developing talented employees is of utmost relevant during a period of crisis. Human Resource is considered as the key asset and main source for attaining sustainable growth and competitive advantage.

Thus, Talent Management occupies a pivotal position in today’s competitive business world which is changing at a rapid speed. Hence, there is a need to study Talent
Management in order to understand how effective it is for organisations to attract and retain the talented people to obtain superior results.

1.2 Talent Management:

The term Talent Management was coined by Mckinsey and company after a study on “War for Talent” was conducted by him in 1997. From then on many professors, academicians and consultants attention was drawn and supported Talent Management. Later, the subject Talent Management was formalised and considered as one of the major concern of Human Resource professionals. Several research work is being conducted by researchers in this regard with the expectation that it would be the most upcoming critical Human Resource Challenges the organizations will face in coming decades (Deloitte, 2008; Boston Consulting Group 2007, Veredus, 2006; Williamson, 2004).

Today’s business world is characterised with advanced technology, Mergers and Acquisition, Globalised operations, outsourcing, etc., and this has necessitated the Corporate and Industries to acquire, retain and develop talent people to attain competitive advantage. Talent Management is considered to be the core component of Human Resource strategies. Thus, talent management has gained tremendous interest in recent days in the field of HRM/HRD research (Berger and Berger, 2003; Burbach and Royle, 2010; Capelli, 2008).

Talent Management is the process of identifying, attracting, developing and retaining talents so as to attain core competition of the organisation. Talent Management involves in designing a system that leads to increase in productivity of the workforce. Talent Management is not just concerned with attracting and recruiting talents, it is beyond that which tries to identify the hidden talent of an employee and developing and nurturing them to perform their best in giving expected results. This view is also supported by Harshita Shrimali (2015), in her empirical study on Recent Trends of Talent Acquisition Practices in IT sector of India, that Talent Management not only involves the process of selecting right talent, but also to motivate and to increase their commitment and performance has to be managed efficiently.
Talent Management is defined as “systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their ‘high potential’ for the future or because they are fulfilling business/operation-critical roles” (CIPD). The term Talent Management has been considered as a wide set of activities, which includes HR planning, performance management, succession planning, and so on (Hartley 2004).

Talent Management has been defined by Creelman (2004) as the process of attracting, recruiting and retaining talented employees. According to Knez et al (2004), “Talent Management refers to continuous process of external recruitment and selection and internal development and retention. A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs”.

1.3 Functions of Talent Management:

The organisational goals can be achieved efficiently by utilizing their talented people effectively. Thus the talented people must be managed properly so as to ensure that their skills and knowledge are utilized to the fullest extent which contributes to the success of business. Talent management process is considered as an ongoing process which involves analysing, attracting, developing and retaining talented employees. The various functions of talent management is discussed as follows-

- **Talent need analysis:** The first function or step in talent management is to analyse the type of talent required with specific skills that matches the requirement of the job. Depending upon the nature of the job, people with different talents and skills are required and hence it is the first function of talent management to analyse the type of skill required before recruiting a person as to ensure that they fit a right person for the right job.

- **Identifying the sources of recruiting talent resources:** Once the type of talented person with necessary skills for the job required is analysed, the next function is to find out the source where the talents are available. The employee with required talent may be available within organisation itself. Such talented employee must be identified and assign the job that requires their skills and competency. If such person is not available within the
organisation, then the organisations will rely on external sources for recruiting talent people.

➢ **Attracting talents towards organisation:** Talent Attraction is the most crucial function of Talent Management that involves the process of drawing attention of talented people and create interest in them towards organisation. Talented people get attracted to those organisations which has built a brand name which differentiate itself with that of its competitors and provide attractive compensation packs along with opportunities for career growth and development.

➢ **Recruiting Talents:** The next function of talent management is to recruit the talents from the source being identified. It is the process of selecting the appropriate talent person for the job which requires his talent.

➢ **Managing Compensation and Benefits:** This is another important function of talent management. A good compensation management system helps to attract talented people to the organisation. Attractive Salaries with other benefits leads to reducing in talent attrition and conversely helps in retaining the talent employees.

➢ **Training and Development of Talent pool:** Talent management function will not come to an end once they attract and recruit the talented person for their organisation. Training and Development of talent pool is a part of talent management function ensuring that the talented employees are updating with advance technology so as to prevent their obsolescence in their talents.

➢ **Evaluating the performance of talent:** Evaluating the performance of talent employees gives feedback both to the organisation and talent employee regarding their competency level. Based on such assessment, organisation can plan for further training and development programs making the employees to reach the competency level, so that organisation can attain to its competitive edge.

➢ **Career growth and planning:** Talent Management function also includes creating career path for talents for their career growth and development. An organisation with a climate that favours career growth results in attraction and retention of talented employees.

➢ **Retention Management:** Of all the functions, the most critical process is retaining talented people in an organisation for a longer period.
Organisations through various retention strategies tries to retain their talented people.

Based on the above discussions of Talent Management functions, the frame work of talent management process is developed. The talent management process is grouped into three main functions – Talent Acquisition, Talent Development and Talent Retention.

1.4 Talent Management Process – A Framework

**Talent Acquisition**
- Analysing talent needs
- Identifying recruitment sources
- Attracting talents
- Recruiting talents

**Talent Development**
- Training & Development
- Career Development
- Mentoring & coaching

**Talent Retention**
- Compensations & benefits mgt.
- Ensuring flexibility
- Creating career path

Talent Management is a continuous Process

**Figure 1.1 Talent Management Process**
1.5 Benefits of Talent Management:

Organisations with effective talent management practices are benefited to great extent. It is not only beneficial to organisation, but also helps employees to perform their jobs efficiently and get job satisfaction. The various benefits of talent management practices are-

- Effective talent management in organisation helps in attaining to its goals efficiently.
- Through continuous talent management process ensures sustainable growth and development in organisation.
- It helps in attaining to core competition in this cut throat competitive business world.
- It helps in building brand image of the organisation which is beneficial as it facilitates to attract talented and skilled professionals towards their organisation.
- Ensures right people for the right job with necessary skills required to perform the job.
- Develop employee performance through training and development programs.
- Helpful in career and succession planning that leads to satisfaction of talent employee.
- Helpful in tracking performance of employees.
- Effective talent management practices help in retaining top talented people in organisation for a longer period.

1.6 Significance of Talent Management:

Today’s business world is characterised with advanced technology, Mergers and Acquisition, Globalised operations, outsourcing, etc., and this has necessitated the Corporate and Industries to acquire, retain and develop talent people to attain competitive advantage. The various researchers and academicians such as Berger and Berger (2003); Burbach and Royle (2010) and Capelli (2008) are also of the opinion that in recent research in the field of HRM and HRD, Talent Management has gained tremendous interest and considered to be a core component of organisations strategies. Today every business having an opportunity to globalize its operations, are
striving hard to attract and retain talents so as to move its business towards growth. Organisations in this context are enhancing employee engagement and providing training and development to talents to acquire latest skills so as to improve their performance for the benefit of business in turn.

The relevance of Talent Management in various Industrial sectors in today’s global economy is due to the following reasons:

1.6.1 Retirement of older workers on large scale in manufacturing sector in forthcoming years (Stephen and Marcie, 2009)

The demographic profile of manufacturing sector is composed of older workers and men in greater percentage when compared to other sectors. The manufacturing sector has experienced limited successes in attracting and retaining female workforce and at the same time its symptomatic practices has been likely failed to meet the diverse needs of its older workforce. Consequently the manufacturing sectors are experiencing exodus of its aged workforce on large scale and at the same time failing to attract younger talents. This has necessitated organisations especially manufacturing sectors to rethink and adopt such practices that would attract and retain younger workers. Thus Talent Management is of utmost important to manufacturing sector also.

1.6.2 Technological Changes

In recent days, manufacturing industries have gained significant attention as an attractive location in India. In post-industrial liberalization, Indian manufacturing industries has witnessed rapid growth technologically resulting in increase in productivity (Iyer, Koudal, 2011). The liberalization of 1991, which allowed the entry of Multinational enterprises, forced the manufacturing Industries to upgrade their Technology and Quality programs. Thus adoption of new technologies necessitated the manufacturing sectors to acquire talents and to manage them successfully to achieve competitive advantage.

Today, also in service sectors like IT, ITES, Banking, Hospitality, Tourism sectors have changed their way of operation by adopting latest technology. For Instance, banks require employees with latest knowledge and skills to perform various jobs
using advanced technologies. The accountants, risk managers, engineers, computer personnel, market researchers, analysts, HR personnel, and so on should have a modern outlook in performing their jobs using advanced technology. Thus, banks have to identify various types of skills and talents required by their employees, so that the principle of division of work can be ensured by categorising the work based on specialization (M.R.Das, 2011). HR planning has become inevitable for every banks to identify the right person, recruit and manage them to retain for a longer period in their organisation.

1.6.3 Global Opportunities and Challenges:

The large Indian domestic market attracted global companies and enabled some Indian companies to achieve global scale. Large Indian companies across many industries including the automotive, airline, banking, telecoms and insurance sectors, often brought in global talent to run their operations at senior levels. At the same time these Indian companies were buying technology and designs from other parts of the world and this necessitated their managers to absorb the new inputs. This required the managers to adopt to work with their global counterparts across time zones and cultures. Thus globalization of Indian business has developed a cadre of managers with global outlook and experience.

In the years to come, countries like U.S, Europe and Japan are going to experience an ageing population and a reduction in available talent and workforce. There is an estimated gap of million professionals between the supply and demand of Knowledge workers in the U.S in next five years (Manish Agarwal, 2008). On the other hand, there is an increasing recognition of the quality of Indian managers and getting attracted towards foreign companies. This is the real challenge to Indian companies, as to how to attract, retain and manage Indian talent managers.

1.7 Theoretical Background:

The present study aims to identify the Issues and Problems of Talent Management and find out ways to overcome those obstacles.

Today, talents are considered to be the core element in achieving competitive advantage by organizations. The organisational objectives can be attained efficiently
and effectively through these talents and hence they are regarded as a centre of today’s business strategy. In the era of globalization, people have plenty of job opportunities to grow and develop. Consequent to this, talented people are more mobile in search of new jobs that provide career development opportunities and better pay and benefits. In this context, it is a great challenge to business organizations today, to manage their talents by attracting and retaining them. Thus, the need for Talent Management which has emerged as a subject matter of today’s business world.

The significance of Talent Management, its evolution and theories has been explained by the researcher in the following paragraphs.

1.7.1 Evolution of Talent Management:

The Talent Management emerged in the 1990s which focused primarily on development of Human Resource and Talents. Today, the primary focus of the total organizational lifecycle is on Talent Management. Talent strategy and business alignment are considered to be a key element for organizational success which is determined by instruments such as career management, work-life-balance and workforce planning. The evolution of talent management is explained in the following paragraphs as three stages.

**Stage – I**
In 1970s and 1980s, the business function relating to its employees was taken care by Personnel Department. They were in charge for hiring people and look after the issues pertaining to their pay and benefits. The role of personnel department was limited only to hire and design compensation structure.

**Stage – II**
In 1980s and 1990s the role of personnel management was broadened and it was replaced by the term ‘Human Resource Management’. The organizations realized the importance of Human Resource function and the concept of ‘Strategic Human Resource’ emerged. The role of Human Resource managers was widened viz., recruiting right people, providing training, involving in designing jobs role and
compensation structure. On the whole, they were playing a vital role in communicating the issues of employees relating to their rewards and job satisfaction.

At this stage Human Resource Department played an important role in formulating business strategy and its execution. Human Resource management was considered as a business partner rather than as a mere business function. Thus, the role of Human Resource Management was much more than a business function that supports the business in attaining to its goals.

**Stage – III**

In the era of Globalization and Liberalization, i.e., since 1990 Strategic Human Resource continues to be a major focus and is more concerned with Talent Management. Human Resource Departments major focus during this period is on attracting and retaining talents. An emphasis was more on attaining to competency through attracting and retaining their talents. The various strategies were formulated to retain their high performers and successors to key positions. Thus Human Resource management is prone to more challenges in managing their talents.

The word ‘Talent Management’ was coined in a 1998 paper entitled “The War for Talent” written by Elizabeth G.Chambers, Mark Foulon, Steven M.Hankin & Edward G.Michaels III and others. The need of the day for business units was to attain competitive advantage for its sustainability and growth. The organizations realised that it was possible only by attracting and retaining talented people.

**1.7.2 Theoretical Framework**

The theoretical framework discusses about the talent managements theory and concepts that makes generalizations about observations and consists of an interrelated, coherent set of ideas and models. Theories are constructed in order to explain, predict and master phenomena about relationships, events or the behaviour. The theories of Talent management is developed on the assumption that the talents of employees is essential for sustained competitive advantage (Scullion et al., 2010). The organisations expect competency among their talents and in turn the talent expects equivalent rewards from organisation for their efforts and efficient work. Thus, to
cultivate talent among employees, he must be motivated by providing rewards satisfactorily. The motivated employee will have high morale and contribute their best to increase productivity. The successful implementation of talent management strategies will lead to increased business performance (Farndale, Scullion and Sparrow, 2010).

The research has focused on theories in order to explain talent management issues in organisations (including both manufacturing and service sector): Psychological-Contract theory, Equity theory, Resource based view (RBV), Social Cognitive Career theory, Social Exchange theory, Herzberg’s motivation-Hygiene theory, Person – environment theory and Talent DNA Model, all of which are relevant to this study.

1.7.2.1 Psychological – Contract theory:

Psychological contract theory explains the perceptions of the employer-employee relationship and influences how employees behave from day to day. The Psychological Contract describes the relationship that exists at workplace and their behaviour.

The concept of the Psychological Contract first emerged in the 1960s, notably in the work of Chris Argyris and Edgar Schein, an organisation and behaviour theorist. Since then, various experts have contributed ideas to the subject. The Psychological Contract is a wider concept which has led to various interpretations and assumptions in the development of this theory.

The Psychological Contract theory, basically explains the expectations of employer and employee in terms of input and output. In today’s global market and advanced technology, employees have become more mobile and consequently, the relationship that exists between employer and employee has grown in complexity. Thus, witnessing the great changes in the work style and operations with these effects. Further, the significance of Psychological Contract have grown even more complex.

With increase in global opportunities to workers, they have become more mobile and flexible having no intention to work for same employer for a longer period even if he is needed by his employer. Hence employers are focusing more on retaining their best people. To do this, they must develop better relationship and reputation among their
employees. Thus the Psychological Contract theory is of relevance in the present study, as it suggests a way to improve the relationship between employer and employees which in turn leads to retention of talented people (Alan Chapman).

1.7.2.2 Adams Equity Theory:

The term equity is related to the concept of fairness and equitable treatment compared with others who behave in similar ways.

Equity theory developed by J.Stacey, Adams, proposes that employees compare what they get from a job in relation to what they put into it and then compare their inputs: outcomes ratio with the inputs: outcomes ratios of relevant others. If an employee perceives her/his ratio to be equitable in comparison to those of relevant others, employees productivity will be high, there will be improved quality of output and ultimately decreases absenteeism and retention rate comes down.

1.7.2.3 Resource Based View:

The Resource Based View explains the way, the firms are able to sustain competitive advantage, and as a consequence they can continually earn superior profits compared to rival firms (Rumelt, 1984; Wernerfelt, 1984).

Resource Based View is considered as a management device to assess a business strategic assets that organisation possess. The Resource Based View theory is based on the idea that organisations attain its competitive advantage through application of all its useful resources effectively and efficiently. To attain competitive advantage, it is essential that every organization adopt strategies that differentiate and identify the capabilities and then develop the same through HR process.

The Resource Based View is considered to be a highly influential theory of strategy (Barney and Peterof). The basic principle of this theory is on the belief that the firms can attain to its sustainable growth and competitive advantage only through recruiting and deploying talented resources who are considered to be valuable and unique in nature.
The organization’s performance is driven by the factors that are the essence of the RBV of the firm (Sparrow 2010). According to RBV theory, organisations performance and profitability is highly dependable on human capital and knowledge assets. Hence, this theory points out that organisations must understand its human resource, the essential sources of competitive advantage (Bowman & Toms 2010). The typical concept of HRM is Human Capital and with reference to talent, it can be defined as: “…the stock of knowledgeable and competent ability to perform the given task so as to produce the desired results” (Nijs et al. 20141). The Resource-Based View of the firm (RBV), is considered as highly relevant perspective for this present study as it emphasizes on talented resources which is found to be more valuable and unique that add value to the company (Bowman &Swart 2007). As Talent Management focus on the resources of the firm, especially the intangible resources such as the talents, with respect to their competency and knowledge, the RBV theory is of relevant to this study.

1.7.2.4 Social Cognitive Career Theory:

Social Cognitive Career Theory explains three interrelated aspects of Career Development – Self Efficacy beliefs, Outcome Expectations and personal goals. This theory is based on Albert Bandura’s general social cognitive theory where its emphasis was mainly on cognitive and motivational processes. Later, this theory was developed by Robert W.Lent, Steven D.Brown and Gail Hackett in 1994, where its scope extended to many areas of psychosocial functioning which includes academic performance, health behaviour and organizational development.

Self Efficacy can be defined as the beliefs of individuals about their own capabilities to perform a certain courses of action. Self-Efficacy are relatively dynamic that varies in behaviours required in different occupational domains. According to this theory people choose to pursue and perform better at activities at which they have strong self efficacy beliefs.

An outcome expectation is nothing but the beliefs about the outcomes of performing particular behaviours. According to this theory people engage only in those activities where their effort and persistence yield considerable outcome that satisfies them.
Personal goals may be defined as one’s intentions to attain a certain level of performance. The three variables explained in this theory are interrelated. For instance, people tend to set those goals that can be achieved by them with certain expectation in outcomes. To sum up, Social Cognitive Career Theory posits that organizations must create an environment that expose for talent employees to prove their capabilities in those areas they are interested which give rise to robust efficacy beliefs and positive outcome expectations.

1.7.2.5 Herzberg’s Motivation – Hygiene Theory:

Herzberg has pointed out the two factors that affects the behaviour pattern of a worker – one is Hygienic factor and the other is Motivational factors. Herzberg is of view that people strive to achieve ‘Hygiene’ needs as it keeps them happy at work place. Later, he identified that hygiene factor alone will not satisfy the people and this satisfaction is temporary. The satisfaction of Hygiene factors may lead people to remain in the job. In true sense they are not really motivated and get job satisfaction by these factors. Hence, he recommended ‘Motivation’ factors such as achievement, advancement development and so on, that motivates people to do job with enthusiasm and zeal which yield satisfaction to them.

Herzberg’s two factor theory reveals that, Herzberg tried to bring more humanity and caring into the work place. The intention of developing this theory was not just for improving organizational performance, instead primarily they sought to explain how to manage people properly and make them feel good and satisfied at work place. The present research emphasis is on motivating talents and retain them in an organization by enabling them with true motivational factors such as self development, employee engagement and career development which is been evolved from Herzberg’s theory (Mulling, 2010).

1.7.2.6 Talent DNA Model:

Talent DNA is considered as a core business driver which can be adopted to achieve people power and attain long-term competitive advantage for its sustainable growth. The purpose of developing Talent DNA model was to bridge the gap of talent supply
and demand of the business. Infusing Knowledge is an approach adopted to manage talents efficiently by following the DNA model which comprise of three components – Skills and Capabilities required by organizations; Skills and Capabilities available that matches job requirement and Hiring the right people.

Talent Management is a continuous process and its effective management is fully based on the concept of Talent DNA. Talent DNA plays an important role in this regard and fulfil aspirations of all Corporate heads (A.K.Jha, Dr.Sanjay Aswathi, Dr.Shantanu Paul, 2014). Talent DNA model is a mechanism to make accurate decision on Talent Needs. It plays an important role in searching talent for organization.

The Talent DNA Model is considered to be relevant to the present study as it emphasises and links various HR processes, such as career development programs, enhancing employee engagement and so on. It is relevant because it focuses on identifying the skill and capabilities requirement and relating the same to job position and hiring right people by organization in order to attain its goals successfully. Every organization, irrespective of its nature can apply the talent DNA Model in order to manage their talents effectively. The Talent DNA Model has guided in the development of conceptual framework which includes work-life-balance, career development and employee engagement and thus its relevance in the current study. Organizations requires Talent DNA to ensure that they recruit right people at the right time in the right place.

1.7.3 Conceptual Framework

A conceptual model is built to represent the variables that interrelate with one another as perceived in the research work before an actual empirical investigation is done to prove its relationships. Accordingly, it shows the relationship between the dependent variable and independent variables. In this study, the independent variables were: Age, Designation, Experience, Gender, type of organisation and number of employees in an organisation. The study sought to understand how these independent variables determine the level of Career development, work-life balance and enhancement of employee engagement in organisation which are the dependent variable that influence
the retention of talents. This relationship is presented schematically in the conceptual framework in Figure 1.2

CONCEPTUAL FRAMEWORK

**Career Programs**
- Encouraging job rotation
- Employee Development Programme
- Sponsoring for attending Conferences

**Work Life Balance (Flexibility)**
- Option for preferred shifts
- Offering VRS
- Job Share
- Sabbaticals
- Reducing working hours

**Employee Engagement**
- Providing training
- Encouraging to upgrade their skills
- Continuous communication on progress and goals
- Involvement in goal setting process
- Feedback system

**Talent Retention**
- Deciding to leave or to stay in the organisation.

**Independent Variables**
- Age, Experience, Designation, Gender

*Figure 1.2 Conceptual Framework*
1.7.4 Talent Management - Global perspective:

Globalisation is a trade beyond the boundaries of nations which provides an opportunity to organizations to share the resources, compete with each other for the perfection and providing the best to the consumers. Globalization makes the markets vibrant with global players and global products. The emergence of NAFTA (North American Free Trade Agreement), European market, ASEAN and replacement of GATT with the WTO brought most of the nations in world together for the common cause of development of their economy and human resources.

Organizations with global approach are required to produce products or services efficiently and to attain core competency and sustain their business in global market, they must gather a lot of expertise on different functional areas. Thus, the relevance of the subject talent management at global level lies here. But, organizations today, are confronted with major challenges in attracting and retaining talented people as they face intense competition worldwide for such talents required in many positions both in manufacturing and service sectors.

Today’s global business operating in complex and dynamic environment, have to manage their workforce efficiently to achieve sustainable growth (Randall Schuler, 2012). Global workforce is found to be mobile and flexible not bounded by cultural and geographic boundaries (Caligiuri, Scullion and Collings, 2010). Hence, managing them is challenging to organisations, and as a result of these challenges many academicians and practitioners of human resource (HR leaders and HR consultants) are focusing on the important area referred to as “global talent management” (Collings & Mellahi, 2009; Garavan, Carbery, & Rock, 2012; Schuler, et al., 2011; Scullion, et al., 2010; Stahl, et al., 2012; Vaiman, Scullion, & Collings, 2012).

Talent management process is positively related to business strategy in obtaining success in organisations. Thus talent management is considered as a contemporary issue (Sara Ballesteros Roliguez, 2010). According to the CEOs report of the survey conducted by Price Waterhouse Coopers (2009) managing the talented employees is even more relevant in a period of crisis. Employees are considered as the key assets
because it is the main source of a sustainable competitive advantage. Schuler, Jackson and Tarique (2011) point out that organisation are encountered with various challenges in today’s global environment where it is highly competitive. Finding the appropriate candidate for the right job with least cost is challenging to organisations operating globally. As identified by Evans, Pucik and Björkman, (2002) all organisational activities pertaining to global talent management includes attracting, recruiting, developing and retaining the best employees. McDonnell et al (2010) has highlighted that finding and retaining the best employees to attain to organisational strategies is much more complex to multinational companies. In emerging economies, the global manufacturers face acute talent challenges (Ashok Divakaran, 2012 ).With globalization and uncertainty in the business environment, more and more companies are turning to their human capital to provide them with the competitive edge that will not only sustain their business but also improve their bottom line (Mahan Poorhosseinzadeh, 2012).

During 1990s the world experienced the boom in high technology and consequently facing the problem of shortage of talents as the supply of talents was less compared to demand for the same. The various studies conducted by HR Practitioners and consultants revealed that there is acute shortage of talents. The notion of talent shortages is one of the basic topics of research in global talent management (Manpower Group Talent Shortage Survey 2011). The various research has been conducted to explore the practice of human resource management and the implications of talent shortages in multinational organizations(Collings & Mellahi, 2009; Farndale, Scullion, & Sparrow, 2010; Scullion, et al., 2010; Stahl, et al., 2012; Vaiman, et al., 2012).In 2006, McCauley and Wakefield has observed that the problem of talent management also prevails in times of economic recession and economic uncertainty. In emerging economies managing talent is even more critical (PWC, 2012).

Organizations to keep pace with the challenges, requires a breed of globally diverse leaders. It is realised by many HR experts and practitioners that Talent Management is critical for organizational success and hence the need of the day is to adopt Talent Management strategies so as to attain its goals successfully.
1.7.5 Talent Management in India:

In 1991 and subsequent years, India experienced its new economic reform with the concept of LPG (Liberalization, Privatization and Globalization). This new concept, opened the doors for foreigners and private businessmen and entrepreneurs in the nation to do business at global level. Consequently, Indian organizations had to face a severe competition at International level and its sustenance in this global competition was a challenging task to them.

After the announcement of new economic reform in 1991, many foreign companies started coming to India to do business either independently or as a partnership business with Indian companies. Large number of business organizations both manufacturing and service sectors grew rapidly. In this context, Indian organizations had to upgrade themselves in various fields such as production, finance, marketing, human resource management, etc. Today’s global business requires more and more talented people to manage the organization and attain competency and sustainable growth in this global market. And so Indian organizations are not an exception to this.

Today, Indian HR is undergoing a major redefinition and employee churn is a major concern for most industries (EY- NHRDN, Talent trends in India). The talented people have a wide choice of the most attractive jobs worldwide. The technological advancement in Indian organizations demands for multi-skilled workforce and who is flexible and independent. The traditional method of doing things must be replaced with new production methods which necessitates the talents to perform this task. In a country like India where the demand for quality hires is rising day after day, HR professionals are finding difficult to adopt suitable strategies of Talent Management. Increasing high attrition rate has aggravated the challenge of Talent Management. Indian corporate are struggling hard to retain the talent. As per CII report, Indian Industries are experiencing about 20 to 30% attrition. Among service sector, BPO accounts for maximum attrition rate with 35% followed by BFSI (Banking and Financial Service in India) with 32%. BPO Industry has confronted with challenges of retaining its employees which necessitates proactive approach with Innovative Talent
Management practices. The manufacturing sector is not an exception to this problem and this sector too is experiencing attrition rate of 20%.

India being second largest populated country in the world, is having surplus labour, but there is a talent deficit (N.S. Rajan, an Ernst & Young partner). The senior vice president HR, India and Bangladesh for Hindustan Coca-Cola, P.V. Ramana Murthy is of opinion that Indians are intellectuals, but failed to develop leadership skills in them. Though India is an Asian tiger roaring and galloping towards a robust development but the maintaining and flourishing talent still is kept at the back foot by the policy makers and policy implementers of organizations (Amita Koli). Yet another talent barrier is the Gender diversity. Indian woman’s primary role is a caregiver and even if she is talented, her entry to top positions in organization is limited.

Despite these challenges, India is striving hard to face global competition and organizations such as Infosys, Tata Group and other Big B’s have gained enormous position in the global market.

1.7.6 Talent Management in Bengaluru:

Bengaluru is a major manufacturing base and houses of public sector manufacturing giants such as Bharat Heavy Electronics limited (BHEL), BEL, Indian Telephone Industries (ITI), Bharath Earth Movers Limited (BEML), Hindustan Aeronautics limited (HAL) and National Aerospace Laboratories (NAL). Bengaluru also accounts for at least 97 out of 240 biotechnology companies in India and Bicon, the nation’s leading biotechnology company is headquartered in the city. Bengaluru has made its place not only for manufacturing companies, but also booming in Service Sectors especially after 1990 with the impact of new economic reform, 1991. Among Service Sectors, IT company is leading in Bengaluru and it is called “Silicon Valley of India” due to large number of information technology companies located here.

It is clear from the above facts and figures that Bengaluru is witnessing a tremendous growth in Industry, trade and commerce leading to a rapid growth of the city and large scale urbanization. One of the cause for such rapid industrialization in the city is due
to availability of talent pool. However, there is acute shortage of talents even at Bengaluru because of the fact that the globalization has enabled the mobility of talents to different parts of the world in search of jobs that satisfies them the most. Hence the emerging issue of Talent Management in Bengaluru industries both in manufacturing and service sector is to how to attract these talents towards their organization and how long they can retain them is a challenging task. After identifying and experiencing the problem of attrition, the CEO’s of various sectors in Bengaluru (including hospitals, real estate, and other service sectors and manufacturing sectors) are giving priority to Talent Management strategies and devoting their time in retaining their top talent by providing a congenial environment that motivates them which in turn ensures low attrition rates in a sector.

1.8 Need for the study:

In today’s business scenario, this study is paramount importance to all types of organization. The findings of this study will improve understanding of Talent Management and how it leads to employee retention. The study will guide policymakers of both manufacturing and service sectors to manage their talents in best possible way. The study can also be used to view the different reasons and cause for attrition in various sectors and accordingly it helps in taking appropriate decisions to retain their talents. It also helps those organizations that have not embraced Talent Management, to adopt retention strategies and overcome the problem of high attrition. For all those organizations functioning in global business competitive environment, Talent Management is utmost important for their sustainability. The study will be of great significance to Human Resource Managers in both Manufacturing and Service Sectors, since the obtained findings will shed more light on Talent Management benefits and thus help Human Resource managers to understand the strategic talent management practices that lead to realization increased level of employee’s retention. The study is also of great significance to Government and education Department since it will help in creating awareness about the shortage of skilled workforce and hence the government and education department together enhance various training programmes so as to inculcate the required skill amongst younger generation and make them talent to meet the requirements of today’s dynamic business world.
The economic downturn being experienced world over has necessitated the organizations to consider Talent Management as key strategy since talented people of these organizations are lost to their competitors. The findings of the current study will play an important role in providing information on ways of engaging the employees to enhance commitment.

The present study aims in making a comparative study of Talent Management in Manufacturing and Service Sector in Bengaluru. The aim of this study is to find out reasons for attrition in different sectors and to find whether Talent Management Strategies adopted by various sectors is sufficient to retain their talents in their respective sectors. The study will also be useful to academicians, scholars and other stakeholders as a platform for further research on role of talent management in retaining talented employees in Bengaluru manufacturing and service sectors. The study aims at making contributions to knowledge on talent management and strategic use of talent management strategies to enhance talent retention. The study is important since it will contribute to additional knowledge on theory and practice of human Resource management by providing a comprehensive report on how talent management can influence employees’ retention in organizations. The academic researchers and students will find this research important in helping them understand talent management practices and in effect will open up other research gaps.

1.9 Organization of the Dissertation:

The thesis consist of two main parts -- Part 1: Chapter 1 to 3 covers Introduction of Talent Management, theoretical framework, literature Review and research methods. These chapters provide a platform for an empirical research. Part 2: Chapter 4 and 5 presents empirical data and interpretation of the findings which prompts informed discussions and draws the conclusions of the study. A brief description of each chapter is given below.

- Chapter 1 explains the concept of talent management, its evolution and the theoretical framework adopted in the study namely: Talent Management – A Comparative Study in Manufacturing and Service Sector.
• Chapter 2 presents a literature review of empirical findings of other studies, beginning with a conceptual analysis. This Literature Review helps in indentifying the relevant knowledge gaps specifically related to Talent Management practices in Manufacturing and Service Sectors.

• Chapter 3 explains the research design with justification and process of investigation. The data collection method, tools used for data analysis and sample selection is discussed in this chapter.

• Chapter 4 presents the analysis and interpretation of data collected. The chapter is sub divided into three parts – Part A – Analysis of Demographic profile, Part B – Objective Specific Analysis and Part C – Analysis of Talent Management Issues – a comparative study between Manufacturing and Service Sector.

• Chapter 5 present the findings of Talent Management practices and reasons for attrition at Manufacturing and Service Sector. This chapter includes the discussions of the Talent Management issues relating to skill shortage, career growth and development issues, Retention Strategies and employee engagement issues. Also discuss about the reasons for attrition in Manufacturing and Service Sector. The Chapter also revisits the objectives and makes conclusions of the study as well as outlining the contribution of this study to the body of knowledge in the field of Talent Management in Manufacturing and Service Sector.