

Assessing The Effectiveness of Talent Management Strategies in Organisational Performances in ITes Companies in South India

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ABSTRACT

Poor employee engagement is closely related to issues with staff retention. This may have significant financial implications for the company. In this economic climate, training and development opportunities can be quite valuable to both job seekers and current employees. As a result, enabling employees with a platform to express and connect can significantly raise engagement levels. This study aims to explore the relationship between talent management practices and organisational performance in ITEs companies based in Tiruchirappalli, South India. This paper seeks to make contributions through an empirical evaluation of talent management practices followed by those companies taken up for the study. The structured questionnaire was distributed to collect data from a study sample of 140 managers working in some 20 companies. SEM-AMOS was used to check the significance of the four hypotheses framed for the study. The results of this study show that talent attraction, career management and Learning & Development had positive impact on organizational performance, whereas talent retention was found to have no significant impact. The result indicated that all the predictors are to be ensured by the HR managers to enhance organizational efficiency and effectiveness. The result of the study also implies that talent retention is an important area of concern for the HR managers, which should be improved in order to improve the organizational performance.

KEYWORDS: Talent attraction; Compensation, organizational performance; Productivity, performance appraisal.

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1. INTRODUCTION

Talent management is a strategic approach that encompasses various aspects of human resource management, including recruitment, selection, recognition, and development. It aims to attract and retain top talent, thereby gaining a competitive advantage for organizations (Abu et al, 2019). The concept of talent management has gained significant attention in recent years, as it is seen as a critical source of competitive advantage and value creation (Akram et al, 2014). However, research in this area is still limited, with most studies being conceptual in nature (Maha et al, 2020). This review aims to provide an understanding of talent management by examining its definitions, importance, and main practices, as well as its connection with other HRM functions (Rajesh et al, 2021). The review also evaluates the state of the talent management field, including dominant theoretical frameworks such as the resource-based view and international human resource management, as well as alternative frameworks like knowledge management and social exchange theory (Eva et al, 2015).

Talent management is of high importance in the Indian scenario, as indicated by several research studies. It is seen as a key aspect that contributes to the success or failure of industries and organizations. Proper talent management practices are directly related to employee development, fair working environment, employee commitment, and employee satisfaction (N., Thyagaraju, 2015). In the oil and gas industry, talent management is crucial due to the increasing demand for oil and gas and workforce-related issues. However, oil and gas companies in India face challenges in locating and attracting the right skills, and developing a rigorous talent management system is necessary (Pradhyuman, Singh et al, 2019). Talent management is also gaining importance in Indian business schools, where the alignment between talent management strategies and organizational strategy is crucial for long-term performance (patiraj, kumari et al, 2012). Overall, talent management is recognized as a continuous process that involves sourcing, hiring, developing, retaining, and promoting employees to meet organizational requirements and enhance productivity and profitability (Nehajoan et al, 2016; Rajiv et al, 2020)

Companies should focus on talent management reviews because talent management is considered a critical source of competitive advantage that creates value for organizations (Abu et al, 2019). Effective talent management allows companies to attract and retain skilled workers, which is crucial for success in industries such as oil and gas (Pradhyuman, Singh et al, 2019). Talent management encompasses various aspects of human resource management, including recruiting, selection, recognition, and development, and helps build a high potential pool of talent (patiraj et al, 2012). By implementing talent management strategies, organizations can improve employee engagement, motivation, loyalty, and performance, leading to improved organizational performance (Nehajoan et al, 2016). Additionally, talent management facilitates talent flexibility and enables rapid business growth and alignment with evolving business requirements (Rajiv et al, 2020). Therefore, talent management reviews help organizations assess their current talent management efforts, identify gaps and opportunities, and develop action plans aligned with long-term goals.

2. THEORETICAL BACKGROUND

2.1 Talent attraction and organizational performance

Talent attraction is an important factor for organizational performance, as it contributes to productivity and competitive advantage (Calvin et al, 2016; D, Babin et al 2020). The literature review reveals that employee rewards play a significant role in attracting and retaining talent, leading to improved organizational productivity (Rajesh et al, 2021). Talent management practices are widely used in various sectors, including banking, IT, insurance, pharmaceuticals, and education, to attract and retain talent (T., M., Lewwanduwage et al 2016). Challenges faced in talent management include talent evaluation, development, and engagement, as well as the lack of subordination and business ethics (Konstantinos et al, 2021). Measures initiated for talent management include individual professional development, leadership development, performance management, and succession planning. Corporate Social Performance (CSP) is found to facilitate talent attraction, and its impact on talent attraction in the Sri Lankan context requires further research. In the healthcare sector, talent management factors include programming, attraction, development, preservation, performance assessment, work climate, culture, succession planning, and leadership. Overall, talent attraction and management are crucial for organizational performance and require attention and strategic implementation.

2.2 Talent retention and organizational performance

Talent management is a crucial aspect for organizations in order to improve organizational performance and retain employees. Proper talent management practices are directly related to employee development, fair working environment, employee commitment, and satisfaction (N Thyagaraju, 2015). In the context of SMEs, talent management practices are of great importance as they contribute significantly to the Indian economy (Pradhyuman et al 2019). The oil and gas industry is facing challenges in locating

and attracting the right skills, making talent management a pressing issue (patiraj et al, 2012). Talent management is also gaining importance in Indian industries, as it contributes to their success or failure (Nehajoon et al, 2016). In the context of private Indian Business Schools, talent management strategies are crucial for aligning the school's vision with its performance metrics and enhancing long-term performance (Rajiv et al, 2020). Extensive literature review has been conducted to understand talent management practices and challenges in various industries.

2.3 Career management and organizational performance

Career management and organizational performance have been widely studied in the literature. Researchers have explored the concept of "learning to learn" strategies and their impact on students' academic performance and learning outcomes (Geoffrey et al, 2006). Additionally, the process of learning and how it affects decision-making systems has been investigated, with a focus on acquiring knowledge to enhance decision-making abilities (Claire, E et al 2015). The emergence of the learning organization has also been examined, with a particular emphasis on the factors that have influenced its development, such as the social and economic climate, work environment, and customer expectations (Sasaki et al 2019). These studies highlight the importance of learning and knowledge acquisition in improving organizational performance and achieving sustainable development and competitive advantage.

2.4 Learning and development and organizational performance

Career management has a significant impact on organizational performance (Kijpokin et al, 2017). Encouraging career management in knowledge-based organizations (KBOs) can improve organizational performance and help achieve strategic goals (Gonçalo et al, 2020). The literature highlights the importance of career management strategy in KBOs and its potential to enhance organizational performance (Ellen et al, 2008). Additionally, the application and implementation of well-designed HR policies and processes by managers play a crucial role in influencing performance (Silvia et al, 2019). The relationship between organizational investments in career development and individual success is underdeveloped, but a theoretical framework has been proposed to explain how career management practices translate into career success (Nafisa et al, 2012). Overall, effective career management systems can contribute to organizational success by ensuring a qualified, skilled, and motivated workforce.

3. NEED OF THE STUDY

Talent management practices have a positive impact on organizational performance (Riham et al, 2020; James et al, 2012; Nermeen et al 2019). This is particularly relevant in IT companies, where the retention and development of talented employees is crucial for success (Pushpa et al, 2020). By effectively attracting, developing, and retaining talented individuals, organizations can improve employee performance and ultimately achieve their objectives (Munaza et al, 2018). Talent management strategies such as recruitment and selection, coaching and mentoring, and compensation have been found to positively influence employee performance. Therefore, studying the impact of talent management on organizational performance in IT companies is necessary to understand the specific practices and approaches that can enhance performance in this industry. This research can provide insights for human resource management departments in IT companies to develop effective talent management strategies that align with the unique needs and challenges of the industry.

4. OBJECTIVES OF THE STUDY

- To determine the impact of talent management on the organizational performance of selected ITES companies in Tiruchirappalli district.
- To investigate the effect of talent management practices on organizational performance in ITES companies in the Tiruchirappalli district.

5. HYPOTHESIS OF THE RESEARCH

The majority of management scholars concur that, in contrast to a company's goods and services, competitive advantage originates from internal skills and competencies that are difficult to duplicate. Both the resource-based approach and the knowledge-based view identify a company's most valuable asset as its human capital, which is necessary to secure a sustained competitive advantage.

Hypothesis 1 (H1): Talent attraction will positively influence sustainable organizational performance.

Hypothesis 2 (H2): Talent retention will positively influence sustainable organizational performance.

Hypothesis 3 (H3): Learning and development will positively influence organizational performance.

Hypothesis 4 (H4): Career management will positively influence organizational performance.

5.1 Methodology

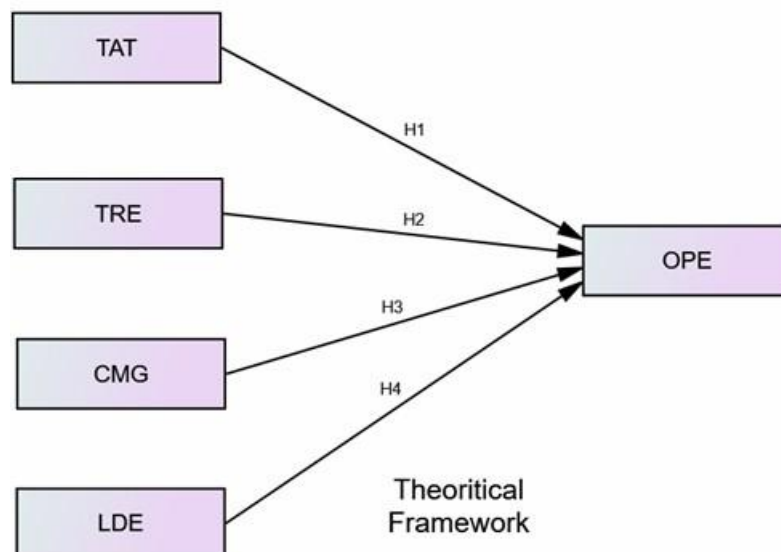


Figure 1: Theoretical Framework

6. DATA ANALYSIS

The managers working in 20 ITES in South India are the study's target population. 140 managers who worked for those ITES companies made up the sample using the convenient sampling method that was chosen for the study. According to the participant's demographics, 68.60% of them were men and 31.40 % were women. In terms of job experience, Table 1 shows that 37.90% of respondents had less than five years' experience, 37.90% had between six and ten years' experience and 18.60% had more than ten years' experience.

Table 1 Demographic characteristics

| | Count | Column N % | |
|------------|----------------|------------|-------|
| Gender | Male | 96 | 68.6% |
| | Female | 44 | 31.4% |
| Experience | below 5 years | 61 | 43.6% |
| | 6-10 | 53 | 37.9% |
| | above 10 years | 26 | 18.6% |

Exploratory factor analysis

Table 2 KMO and Bartlett's Test

| | | |
|---|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | | .780 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1881.813 |
| | df | 300 |
| | Sig. | .000 |

Rotated Component Matrixa

| | Component | | | | |
|-----|-----------|------|---|------|------|
| | 1 | 2 | 3 | 4 | 5 |
| TA2 | | | | .776 | |
| TA4 | | | | .837 | |
| TA5 | | | | .858 | |
| TR2 | | .798 | | | |
| TR3 | | .847 | | | |
| TR4 | | .780 | | | |
| LD2 | | | | | .756 |
| LD3 | | | | | .900 |
| LD4 | | | | | .761 |
| CM2 | .855 | | | | |
| CM3 | .871 | | | | |
| CM4 | .836 | | | | |
| OP2 | | .872 | | | |
| OP3 | | .872 | | | |
| OP4 | | .844 | | | |

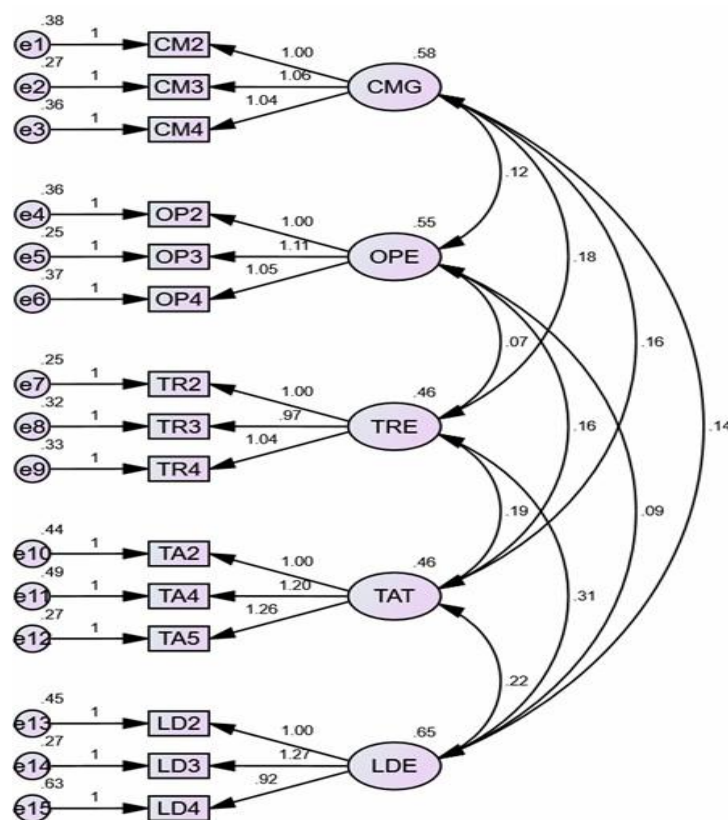
Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

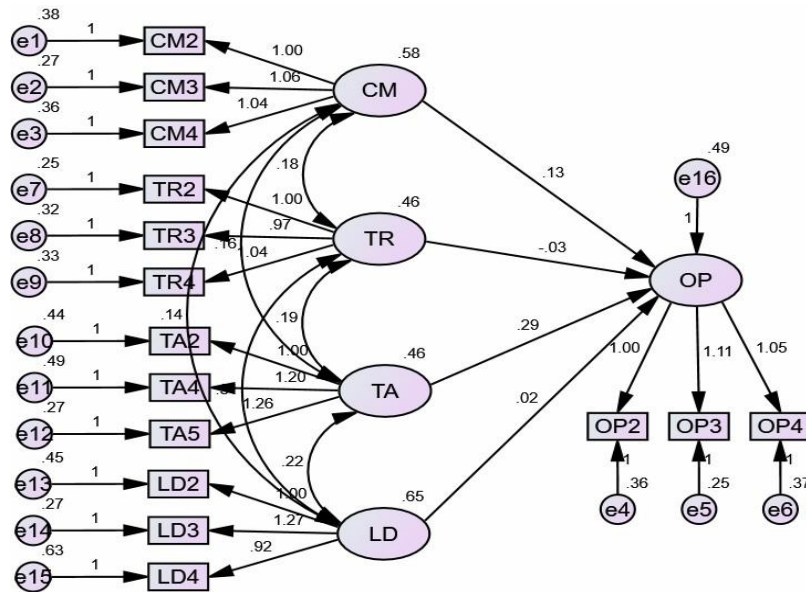
Both the Kaiser-Meyer-Olkin (KMO) and the Bartlett test of sphericity were applied. In this investigation, the KMO test yielded a value of 0.780 with a significant value of $p < 0.001$. These demonstrated that the data set used for this study's factor analysis was sufficient. Second, using principal component analysis, factors were extracted based on eigenvalues greater than 1 to reveal the underlying structure of data interactions. There were five constructs detected. The variables' factor loadings were then assessed. The five constructs that were used in this study were then mostly made up of variables that were related to one another. The table 2 shows how these seven constructs' combined variance explained, which was 72.50 percent.

7. MEASUREMENT MODEL



| Measure | Estimate | Threshold | Interpretation |
|---------|----------|-----------------|----------------|
| CMIN | 117.418 | -- | -- |
| DF | 80 | -- | -- |
| CMIN/DF | 1.468 | Between 1 and 3 | Excellent |
| CFI | 0.959 | >0.95 | Excellent |
| SRMR | 0.055 | <0.08 | Excellent |
| RMSEA | 0.058 | <0.06 | Excellent |
| PClose | 0.269 | >0.05 | Excellent |

To evaluate the measurement models, confirmatory factor analysis (CFA) was performed using AMOS. The factor loadings for every item were tested as part of the confirmatory factor analysis; all items LD1, TA2, TR1, OP1, and CM1 were removed due to low factor loadings (.50). The model's overall goodness of fit was assessed using model-fit metrics, and all values were within their respective common acceptability levels (Ullman, 2001; Hu and Bentler, 1998; Bentler, 1990). The five-factor model fit the data well.

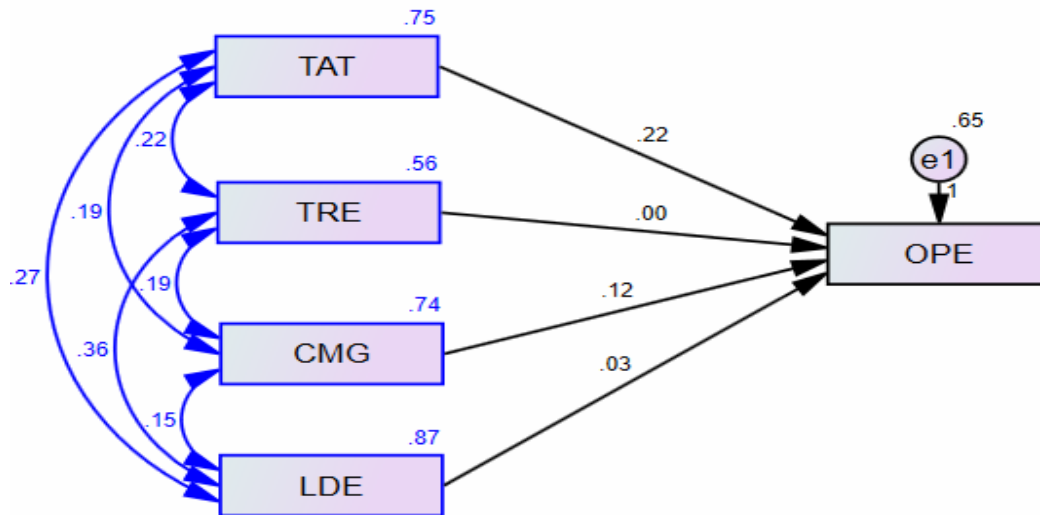


The correlations were examined using an AMOS-generated structural equation model. Hair et al. (2010) acknowledged a model as being well-fitting if the CMIN/df value, the goodness of fit (GFI) indicator, the Tucker and Lewis (1973) index (TLI), and the Confirmatory Fit index (CFI) (Bentler, 1990) are all greater than or equal to .90. Additionally, according to Hair et al. (2010), an adequate-fitting model is recognized if the mean square error approximation (RMSEA) is between 0.05 and 0.08. The model's fit indices were within acceptable bounds.

| | CR | AVE | MSV | MaxR(H) | CMG | OPE | TRE | TAT | LDE |
|------------|-------|-------|-------|---------|--------------|--------------|--------------|--------------|--------------|
| CMG | 0.847 | 0.649 | 0.126 | 0.850 | 0.806 | | | | |
| OPE | 0.846 | 0.648 | 0.095 | 0.852 | 0.216* | 0.805 | | | |
| TRE | 0.822 | 0.606 | 0.331 | 0.823 | 0.354** | 0.146 | 0.778 | | |
| TAT | 0.822 | 0.608 | 0.173 | 0.837 | 0.304** | 0.308** | 0.416*** | 0.780 | |
| LDE | 0.827 | 0.617 | 0.331 | 0.862 | 0.233* | 0.147 | 0.576*** | 0.399*** | 0.786 |

Cronbach's alpha and composite reliability were used to evaluate construct dependability. Each study construct's Cronbach alpha was determined to be higher than the necessary threshold of .70 (Nunnally and Bernstein, 1994). Above the 0.70 benchmark, the composite reliabilities varied from 0.827 to 0.847 (Hair et al., 2010). As a result, construct dependability for each construct in the study was established. The average variance recovered was used to determine the convergent validity of the scale items (Fornell and Larcker, 1981). The average retrieved variance values were higher than the cutoff point of 0.50. The scales utilized for the current investigation consequently exhibit the necessary convergent validity.

Using the Heterotrait-Monotrait Ratio and the Fornell and Larcker criterion, the study's discriminant validity was evaluated. According to the table above, all ratios were below the necessary threshold of .85 (Henseler et al., 2015).



Regression Weights: (Group number 1 - Default model)

| | | | Estimate | S.E. | C.R. | P | Label |
|-----|------|-----|----------|------|-------|------|---------------|
| OPE | <--- | TAT | .216 | .087 | 2.488 | .003 | Supported |
| OPE | <--- | TRE | .002 | .111 | .021 | .983 | Not Supported |
| OPE | <--- | CMG | .123 | .085 | 1.444 | .002 | Supported |
| OPE | <--- | LDE | .026 | .088 | .300 | .002 | Supported |

The study examined how learning and development, career management, and talent acquisition and retention affected organizational performance. Talent attraction's influence on organizational performance was both favourable and significant ($b=.216$, $t=2.488$, $p=.003$). Career management had a favourable and significant impact ($b=.123$, $t=1.444$, $p=.002$). A positive and significant predictor, learning and growth, was also present ($b=.026$, $t=.300$, $p=.002$). Talent retention, however, was not a significant predictor ($b=.002$, $t=.021$, $p=.983$).

8. CONCLUSION

Organizations should focus on talent management reviews because talent management is considered a critical source of competitive advantage that creates value for companies (Abu et al, 2019). It helps organizations attract and retain talented employees, differentiate themselves from competitors, and improve overall performance. Talent management encompasses various aspects of human resource management, including recruiting, selection, recognition, and development (Knur et al, 2018). In today's competitive environment, finding and retaining the right talent has become more challenging, making talent acquisition and retention crucial for organizational success. Effective talent management strategies enhance employee engagement, motivation, loyalty, and performance, leading to improved organizational performance. By focusing on talent management reviews, organizations can identify gaps and opportunities, develop integrated action plans, and align talent management efforts with their long-term goals. Overall, talent management reviews help organizations build a strong talent pool, enhance employee engagement, and drive organizational success.

We conducted this research to study the impact of talent management on the sustainability of organizational performance; more precisely, to study the impact of talent management practices on organizational performance. We empirically tested the developed theoretical model by gathering data from managers working in those selected ITES companies in South India so as to assess the impact of HR policies with regard to Talent Management. The result indicated that all the predictors are to be ensured by the HR managers to enhance organizational efficiency and effectiveness. The result of the study also implies that talent retention is an important area of concern for the HR managers, which should be improved in order to improve the organizational performance.

Talent management has a significant positive impact on perceived organizational performance in leading telecommunication and technology companies. It also has a positive impact on the overall performance of organizations. Specifically, talent acquisition, talent development, and talent retention have a positive impact on perceived organizational performance. Talent management affects the competitiveness of enterprises through the selection, hiring, and development of qualified personnel. Talent management practices that focus on retaining and developing talents have a positive impact on human resource outcomes, such as job satisfaction and commitment, while practices that align with corporate strategy have a significant impact on organizational outcomes, including company attractiveness and profitability.

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