

TALENT MANAGEMENT IN INDIAN IT SECTOR – A CRITICAL REVIEW ON TURNOVER INTENTIONS OF IT PROFESSIONALS

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ABSTARCT

IT sector is playing key role in generating revenue for the country. India's value proposition is due to its outsourcing destination, productivity and quality of human capital available. In present scenario the IT sector has seen tremendous growth with extreme competition moving on a high growth trajectory. Due to availability of finest talent in the country the IT sector has turned into most attractive sector. It provides good work environment, equal and competitive pay package with rewards along with good career prospects. However the advent of global economic meltdown the IT sector saw an adverse impact in the form of huge salary cuts, downsizing and reduction of perks and incentives. Whereas rising salary levels in other sectors like financial services, manufacturing, FMCG attracted the existing employees to shift their interest to settle down in that sector.

I.INTRODUCTION

Talent acquisition, motivation and retention of potential employees become a major challenge for employers. The consequences of employee turnover associated with decrease in productivity, loss of expertise, lower quality thus leading to loss of business opportunities with high recruitment costs. Turnover always proved to be disruptive and dysfunctional for IT organizations which jeopardize organizational survival in competitive business environment. In tough competitive business environment loss of talent cause damage to the image of organization. The success or failure depends on talented employees with complex skills. Talent retention determines success of organization. Now a day's many organizations are spending significant time on research in finding out reasons for talent departure.

Review of literature

Brown and Hesketh, Collings and Mellahi, (2004)Talent management is critical process in the success of organization during economic downturn. Talent management consists of entire talent life cycle from entry to exit, from placement to promotion. Talent management results in sufficient supply of talent across the organization to achieve competitive advantage, effective employee performance,

and maximize the employee productivity. It is the process of consulting which includes forecasting the human resources, assessment for selection, placing employees onto suitable projects, planning for and measuring the return on investment, utilizing technology advancements, and more.

Lockwood (2006) Successful talent management also depends upon the engagement of the human resources. If employees connected with job and it helps to increase organizational performance. The organization success and effectiveness depends on integration of talent management strategy with employee engagement could be the key to sustainable success and appropriate talent for an organization

Vance (2006) the main research focused on the concept of employee engagement aimed at increasing employee commitment to the objectives, value and culture of their organization; this is when employees feel pride, loyalty and a commitment to their organization

Suhasini.N & NareshBabu.T (2013) in their paper entitled “Talent retention: An assessment of job and organizational factors in IT industry” revealed that talent retention depends on employer ability to keep employees continuously engaged. The research findings reveal that factors like performance management, career development, work environment, job content and work life balance influence talent retention. Performance management enhances employee engagement and job satisfaction with the provision of coaching, recognition, effective relationship, employee involvement, freedom to raise employee voice. IT companies need to offer career development opportunities to ensure long term employability and personal competitive advantage of employees. Challenging working environment creates purpose and satisfaction in employee’s professional life. Increased job fit leads to higher employee engagement and performance.

Need for and importance of the study

In current scenario companies realize that human intellectual capital is more crucial to organizational sustenance, growth & development and success. Organizations are struggling with severe talent shortage and realize the necessity of talented people with right skills knowledge and abilities. Organizations not only search and manage the talent but to provide environment that enhances commitment to reach goals. Globalization of world economies has greatly enhanced the talent management in IT industry. Due to abundant job opportunities in IT industry as workforce shift reduces the average employee tenure in organizations. Employees are valuable assets for the organization. To retain them with comfortable work environment this helps them to work with enthusiasm and enjoyment. Employee engagement is an important tool can help to maximize employee satisfaction towards job and commitment towards organization. When employees feel pride and loyal, they are willing to exert an extra effort in their job without any dissatisfaction.

Statement of the problem

In modern organizations toughest challenge to HR managers is to fit right person in right jobs and to retain them for longer period. Lack of retention initiatives create ill effects like low productivity, employee dissatisfaction & low morale, high employee absenteeism and finally turnover. Talent management is a deliberate effort which helps to attract, develop, motivate and retain talent. The skill gaps forced companies to implement talent management initiatives for optimum utilization of available talent. Organizations with unique talent management strategies produce better output and retain talented individuals to create competitive advantage. In addition, with organizational performance employee commitment and engagement need to give utmost priority for employee job satisfaction. In Indian IT sector employees are working in high stressed environment. Employee commitment is necessary as it promotes individual performance and organizational performance.

The high turnover cost in today's organizations initiate need for designing comprehensive retention strategies that attracts and motivates talent. With regard to individual perspective, the globalization of present economy allows intellectual human capital to cross borders and take advantage of career opportunities available across the global competitive market. Hence, retention issues are particularly critical and challenging for today's IT organizations. Talent management needs attention to reduce employee turnover, increasing productivity, facilitate smooth functioning of organizations, better utilization of human resources, enhance employee satisfaction and achieve edge over the competitor. Organizations must continuously work for design and development of retention strategies and allow them to sustain for long term. This promotes individual growth, organizational growth and countries economic growth. The present study tries to explore and analyze reasons for turnover intentions and how talent management factors influence employee performance and organizational excellence in IT companies. Present research is carried out with the following objectives to assess the role of talent management in employee commitment, employee engagement and talent retention in IT industry.

Objectives of the study

- To identify and analyze turnover intentions of personnel in IT Industry.
- To examine and analyze the employee's opinion regarding existing talent management practices in IT companies.
- To assess the influence of talent management practices on employee engagement levels among IT employees.
- To assess the impact of talent management practices in enhancement of employee commitment in IT organizations.
- To suggest effective talent management strategies for employee

engagement and employee commitment in IT organizations.

Hypotheses of the study

H₀1: Turnover intentions are independent of talent management factors.

H₀2: There is no positive and significant relationship between talent management and employee engagement in IT companies.

H₀3: Talent management practices in IT organizations do not impact employee commitment.

II.METHODOLOGY

Research design

The present research is descriptive in nature, as it describes the relationship between talent management practices and employee commitment and engagement levels in IT sector. The study is focused on to identify the employees 'turnover intentions to leave the organization and evaluate how talent management practices influence employee commitment and engagement levels in IT organizations. In the light of the above, the research is carried out by adopting scientific approach through survey method with the help of structured questionnaire.

Data Collection

Data for the study is obtained by using both primary sources and secondary sources. Primary data is collected from the selected respondents who are working with selected IT companies in different locations by administering a structured questionnaire. Secondary data was collected from journals, magazines, booklets, national dailies, publications and talent management reference books.

Population

The researcher adopted a systematic and organized methodology to obtain required information from the respondents. Population for the study comprises the IT professionals who are working for various companies in IT sector located in Southern India. IT professionals are engaged in different complex IT activities which demand high IT skills. The research includes IT professionals working in Tata Consultancy Services (TCS), Infosys, Tech-Mahindra, Mindtree and Mphasis located in Hyderabad, Bangalore and Chennai.

Sampling procedure

The study adopts Cluster sampling dividing the country into East, West, North and South. The researcher selects three major South Indian cities namely Hyderabad, Bangalore and Chennai for the study. The study adopts equal representation of IT professionals from selected three cities. In each city researcher identified 120 IT professionals working with selected companies. Of the selected sample an equal representation is provided to all selected companies. Snowball sampling procedure is adopted by researcher to identify the respondents through references and made judgment to qualify the respondents for the study.

S.No	Variable	Components			
		Work environment	Employee job fit	Motivation	Employee development
1	Lack of recognition				.586
2	Mismatch between job and person		.820		
3	Limited career development		.662		
4	Poor management practices		.824		
5	Untrustworthy leadership		.732		
6	Dysfunctional work culture	.553			
7	Insufficient rewards			.609	
8	Unfair compensation			.700	
9	Lack of challenging job environment			.704	
10	Lack of training and development opportunities				.685
11	Lack of social support				.770
12	Inadequate flexible work practices	.743			
13	High job demands	.866			

14	Conflicts between work and family due to long working hours	.781			
15	Poor interpersonal relationships			.649	
16	Stress at work place			.647	

Table: 1 Sample Distribution across Selected Companies and Cities

S.No	Name of the Company	Name of the City			Total
		Hyderabad	Bangalore	Chennai	
1	TCS	40	40	40	120
2	Tech-Mahindra	40	40	40	120
3	Infosys	40	40	40	120
4	Mindtree	40	40	40	120
5	Mphasis	40	40	40	120
	TOTAL				600

Data analysis and discussion

The researcher distributed 600 questionnaires to all selected respondents. But only 560 valid filled questionnaires were received by researcher. The study chosen 560 respondents from selected IT companies located in different places from Southern region based on NASSCOM reports. Data was labeled and tabulated regularly using the worksheet edition SPSS 26.0. Until coding and tabulation, the researchers certified the results. SPSS Software manages results. The thesis has used various statistical methods including mean, correlation and linear regression analysis.

I. Analysis of turnover intentions

Turnover intention among the employees is studied under different perspectives such as compensation, group dynamics, career development, better opportunities, working environment, job dissatisfaction, commitment, personal obligations, behavioral intentions etc.,

1. Reliability analysis of turnover intentions

Reliability of the data is measured to examine the appropriate internal consistency of all construct scales. The reliability coefficient Cronobach’s Alpha is found to be 0.841. The data is validated for further analysis.

2. Analysis of turnover intentions

The study employed different variables to assess the turnover intentions

among the employees of IT sector. The predictions of turnover intentions help in designing the talent management strategies and develop retention practices. The study has identified a number of variables from various reviews and initiated effort to know their varying importance in building turnover intentions. Factor analysis is

applied to regroup all these variables into few factors. Data was tested for reliability and found Cronobach’s alpha higher than 0.8.

Table No2: Varimax Rotated Component Matrix^a

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. a.Rotation converged in 7 iterations.

1. **Work Environment:** Dysfunctional work culture, Inadequate work practices, conflicts between Work and family due to long working hours.
2. **Employee job fit:** Mismatch between job and person, Limited career advancement, Poor management practices, Untrustworthy leadership.
3. **Motivation:** Insufficient rewards, Unfair compensation, Lack of challenging assignments, Poor interpersonal relationships, Stress at work place.
4. **Employee development:** Lack of recognition, Lack of training and development, Lack of social support.

H₀1: Turnover intentions are independent of talent management factors.

Table. No:3 Turnover Intentions Vs Talent management factors

	T	Recruitment & Selection	Training & Development	Performance Management	Career management	Organizational culture	Compensation
T	Pearso Correlation	.436**	.369**	.317**	.326**	.549**	.678
	Sig. (1-tailed)	.000	.000	.000	.000	.000	.000
	N	560	560	560	560	560	560
**. Correlation is significant at the 0.01 level (1-tailed).							

Source: Field Survey

The study aims at determination of relationship of turnover intentions and Talent management factors considered for research are Recruitment and selection, Training and development, Performance management, Career management, Organizational culture and Compensation The hypothesized relationship between turnover intentions and talent management factors is measured using correlation coefficient. Results of correlation coefficient stated a positive and significant relationship between turnover intentions Talent management factors. The results shown that H₀1 is rejected and alternative hypothesis is accepted.

II. Talent Management Practices- An Assessment

Now a day’s Talent management is considered in the strategic point of view which explains ability of companies to recruit right people with the right skills are in the right place at right time. The study considers six talent management dimensions namely Recruitment & Selection, Training & Development, Performance management, Career management, Organizational culture and compensation. A reliability test was done to measure the Cronobach alpha of the instrument. The value of alpha should be more than 0.7. High value of Cronobach alpha indicates high internal consistency of the multiple items measuring the construct. The instrument has Cronobach alpha value of 0.894 indicating high level of reliability.

Table. No: 4 Means of Talent Management Dimensions

S.No	Talent Management Dimensions	Mean
1	Recruitment & Selection	3.87
2	Training & Developmen	3.97
3	Performance Management	3.98
4	Career Management	3.67
5	Organizational Culture	3.75
6	Compensation	3.98

III. Analysis Of Employee Engagement In It Companies

The Employee engagement is characterized by Vigor, Dedication and Absorption. The variables considered for Employee engagement are measured on scale which consists of 5 items with their values ranging from 1 to 5. The mean values of observed items are higher than 3. Results indicated that employees expressed their above moderate agreeable level towards their enthusiasm, interest to work for long tome in job, meaningful and challenging nature of job motivates them to feel proud and fully engaged in job.

Table. No:5 Aggregate Mean of Employee Engagement Dimensions

Employee Engagement Dimensions	N	Mean	Std. Deviation
Vigor	560	3.5732	.61889
Absorption	560	3.7628	.52840
Dedication	560	3.6514	.67805
Valid N (listwise)	560		

As shown in Table no.5 the dimensions of absorption and dedication are more significant than vigor in IT companies. Absorbed employees are happily getting involved in jobs with total involvement and feel difficulty to get detached them from job (mean 3.76). Dedication in job makes employees to feel proud and enthusiastic (3.65). Vigor of employees is also important in organizations. Vigor explains enthusiasm and energy that employee shows when they are engaged in job (mean 3.57).

H₀₂: There is no positive and significant relationship between talent management and employee engagement in IT companies.

This hypothesis investigates the impact of Talent management practices on Employee engagement with the help of correlation, simple regression. Detailed analysis was done to assess the relationship between Talent management practices and Employee engagement. Results of correlation coefficient stated a positive and significant relationship between Employee engagement and Talent management with r value of 0.508 and significant at 0.01 level with p-value of 0.000 two tailed.

Table No :6 Correlation Matrix - Talent Management and Employee Engagement

Correlation Matrix		Employee Engagement	Talent Management
Employee Engagement	Pearson Correlation	1	.508**
	Sig. (2-tailed)		.000
	N	560	560
Talent Management	Pearson Correlation	.508**	1
	Sig. (2-tailed)	.000	
	N	560	560

Correlation is significant at the 0.01 level (2-tailed).

EE- Employee Engagement TM -Talent management

Impact of Talent Management on Employee Engagement Using Simple Linear Regression Analysis.

The study adopted regression analysis to validate the results of correlation. A detailed analysis is made through Simple linear regression analysis. The results of regression analysis indicate that Talent management variables influence employee engagement.

Table No: 7 Model Summary of Talent Management Vs Employee Engagement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.508 ^a	.258	.257	.38564

a. Dependent Variable: Employee engagement

b. Predictors: (Constant), TM

The regression results depicted in table no.7 proves that Talent management dimension is able to significantly influence 25.8% Employee engagement ($R^2=.258$, $p=.000$, $F=193.874$). Thus rejecting null hypothesis H₀₂ and accepting alternate hypothesis with respect to relation between Talent Management dimension and Employee engagement in selected IT companies.

IV.Assessment Of Talent Management Factors On Employee Commitment

Organizational commitment is defined as emotional and psychological attachment of employees who are strongly committed, determines their identity also participates, involves and enjoys their membership in it. Mowday et al (1981). Organizational commitment can also be studied in terms of employee commitment. It consists of Emotional commitment, continuance commitment and normative commitment. Emotional commitment indicates an employee’s emotional attachment, the extent of complete involvement and working towards values & goals of the organization. Employees with high emotional commitment work wholeheartedly for long time with willingness. Continuance commitment represents employee’s necessity to remain in the organization and calculate the costs incurred on their leaving the organization. Normative commitment indicates employees feeling of obligation to work and considered it as sense of task to remain in the organization.

Table No: 8 Aggregate Mean of Employee Commitment

Employee Commitment	N	Mean	Std. Deviation
Affective Commitment	560	3.4478	.47612
Continuance Commitment	560	3.4536	.48313
Normative Commitment	560	3.5779	.57590
Valid N (listwise)	560		

Table No: 8 explains the information about the various types of employee commitment in IT organizations. Selected IT respondents stated that affective, continuance and normative employee commitment levels are at moderate level.

H₀₃: Talent management practices in IT organizations do not impact employee commitment

The study focused on finding the relationship between Talent management and Employee commitment. Talent management is considered as independent variables where as Employee Commitment is considered as dependent variables. The correlation is found to be positive relation between Employee commitment and Talent management with r-value of 0.610 and significant at 0.01 levels with p-value of 0.000 two tailed as shown in table.

Table No: 9 Correlation between Employee Commitment and Talent Management

Correlation Matrix		Talent Management	Employee Commitment
Talent Management	Pearson Correlation	1	.610**
	Sig. (2-tailed)		.000
	N	560	560

Employee Commitment	Pearson Correlation	.610**	1
	Sig. (2-tailed)	.000	
	N	560	560

Correlation is significant at the 0.01 level (2-tailed).

Magnitude of Relationship between Talent Management and Employee Commitment Using Simple Linear Regression Analysis

The study adopted regression analysis to validate the results of correlation. A detailed analysis is made through Simple linear regression analysis. The results of regression analysis indicate that Talent management influence employee commitment.

Table No : 10 Model Summary of Talent Management on Employee Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.610 ^a	.372	.371	.33869

a. Predictors: (Constant), Talent Management

The regression results depicted in above Table proves that Talent management is able to significantly influence 37.2% Employee commitment ($R^2=.372$, $p=.000$, $F=330.372$). Thus rejecting null hypothesis

H_03 and accepting alternate hypothesis with respect to relation between Talent Management dimension and Employee commitment in selected IT companies.

Recommendations

- Effective talent management reflects to process skilled workforce it is imperative need focus on complete succession planning without any destructive gaps. Effective work force planning enhances the ability of companies to ensure that the right people with the right skills are in the right place at the right time and focused on right activity.
- Recognition, appreciation, trust, healthy communication, encouragement can improve the level of engagement of the employees higher and in turns it also enhance degree of commitment to words organizations.
- Performance monitoring helps to improve employees’ job effectiveness and overcome performance deficiencies. Participative en IT companies require creative approaches in rewards systems to provide right rewards to right people. Non-monetary rewards like appreciation & recognition motivates employees to perform the job well.
- In a dynamic business environment continuous improvement in information technology organization becomes a challenge. Keeping in view of this organization need to allow talent to adapt and have a freedom to actually create large and move forward with innovation and creativity. Innovations and creative ideas need to be

rewarded. Environment encourages and motivates employees to increase their innovativeness at work.

- Provision of incentives to retain and creating a culture of caring which helps to develop strong scene of belongingness and buildings psychological contract.
- Talent management process promotes effective leadership which is crucial for leaders to make employees engaged. Leaders need to implement measures to build trust provide challenging work that includes development aspects of employees.

III.CONCLUSION

One of the toughest challenges for IT companies is to keep pace with technological changes and business growth. The demand for knowledge workforce is growing faster. Every IT organization should create a best place for the employees to work and feel proud to work continuously for longtime provided with talent management strategies. Training and development, performance management and compensation are the important predictors of employee commitment. The organizations identify the committed employees and motivate them to spend their career in the same organization.

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