



## LINKAGE BETWEEN TALENT MANAGEMENT PRACTICES & BUSINESS PERFORMANCE IN IT SECTOR OF INDIA



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### ABSTRACT

*Talent management is a complex procedure for organizations but organizations need talented employees to maximize their organizational performance. An unhappy and insecure employ is worse than your biggest competitor. In the long run for competition and meeting project deadlines, sometimes, IT firms miss out on the comfort level of their employees.*

**KEYWORDS:** Talent Management, Talent Retention

**JEL:** O15

### INTRODUCTION

It is possible for organizations to keep the growth while providing profitable and sustainable competitive advantage if their human resources produce innovative and creative projects. When the world market is observed, it is seen that organizations become the leader in their market and reach perfect business results if they are focused on developing themselves and their businesses and provide innovative and differentiated products or services continuously.

### REVIEW OF LITERATURE

Talent management is the strategic management of the flow of talent through an organization. Its purpose is to assure that supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives. (Duttgupta, 2005)<sup>1</sup>.

According to Pattan (1986)<sup>2</sup>, strategic management succession plans enable firms to specify managerial functions and performance standards, ensure continuity in management practices, identify outstanding candidates for senior management posts, and satisfy the aspirations of employees for career advancement.

The companies doing the best job of managing their talent deliver better results for shareholders. According to Huselid (1995)<sup>3</sup> study the results shows that a standard deviation increase in high performance talent management practices is associated with enormous economic returns.

### RESEARCH METHODOLOGY

#### 1.Objective of the study:-

To find out linkage between talent management practices and business performance.

#### 2. Hypothesis of study:-

Talent management practices are positively related with business performance.

#### 3.Sample size and its selection:-

- ☆ Top 30 IT companies dealing in software and hardware is selected through judgmental sampling.
- ☆ For HR manager's questionnaire, 100 HR Managers from Top 30 companies is selected by **convenience sampling**.



**4.Data collection:-**

★ The entire study focused on IT firms of India.

★ To collect Primary Data, structured or semi-structured questionnaire is designed to collected data from HR managers of IT firms.

**DATA ANALYSIS**

**Table 1: Distribution of critical success factors affected by talent management practices of company**

Statements	Strongly agree N(%)	Agree N(%)	Neutral N(%)	Disagree N(%)	Strongly disagree N(%)	Chi-Square	p value
Encouraging innovation & creativity	23(23.0)	34(34.0)	12(12.0)	14(14.0)	17(17.0)	15.7	0.00**
Employee satisfaction	15(15.0)	39(39.0)	12(12.0)	32(32.0)	2(2.0)	45.9	0.00**
Customer satisfaction	17(17.0)	56(56.0)	12(12.0)	10(10.0)	5(5.0)	84.7	0.00**
To Gain market share	30(30.0)	38(38.0)	17(17.0)	12(12.0)	3(3.0)	39.3	0.00**
Expanding product range	35(35.0)	29(29.0)	13(13.0)	17(17.0)	6(6.0)	28.0	0.00**
Increase competitiveness to attract new customers	34(34.0)	16(16.0)	17(17.0)	18(18.0)	15(15.0)	12.5	0.01*
Change management	24(24.0)	34(34.0)	14(14.0)	24(24.0)	4(4.0)	26.0	0.00**
Risk management	28(28.0)	12(12.0)	24(24.0)	15(15.0)	21(21.0)	8.5	0.10
Diversity management	18(18.0)	25(25.0)	14(14.0)	34(34.0)	9(9.0)	19.1	0.00**
Quality management	25(25.0)	27(27.0)	25(25.0)	15(15.0)	8(8.0)	13.4	0.01*
Product or process redesign	39(39.0)	29(29.0)	18(18.0)	4(4.0)	10(10.0)	40.1	0.00**

Table 1 represents the details of critical success factor help by talent management practices of company. All factors showed significant difference at 0.01 and 0.05 levels of significance except factors risk management. Significances of all factors are discussed as follow:

Respondent showed significant difference ( $\chi^2=15.7, p<0.01$ ) on Encouraging innovation & creativity at 0.01 level of significance. Respondent gave responses as strongly agree (23.0%), agree (34.0%), neutral (12.0%), strongly disagree (14.0%) and disagree (17.0%).

Respondent showed significant difference ( $\chi^2=45.9, p<0.01$ ) on employee satisfaction at 0.01 level of significance. Respondent gave responses as strongly agree (15.0%), agree (39.0%), neutral (12.0%), strongly disagree (32.0%) and disagree (2.0%).

Respondent showed significant difference ( $\chi^2=84.7, p<0.01$ ) on Customer satisfaction at 0.01 level of significance and responses are as strongly agree (17.0%), agree (56.0%), neutral (12.0%), strongly disagree (10.0%) and disagree (5.0%).

Gain market share showed significant difference ( $\chi^2=39.3, p<0.01$ ) at 0.01 level of significance and responses are strongly agree (30.0%), agree (38.0%), neutral (17.0%), strongly disagree (12.0%) and disagree (3.0%).

Expanding product range showed significant difference ( $\chi^2=28.0, p<0.01$ ) at 0.01 level of significance and responses are strongly agree (35.0%), agree (29.0%), neutral (13.0%), strongly disagree (17.0%) and disagree (6.0%).

Increase competitiveness to attract new customers showed significant difference ( $\chi^2=12.5, p<0.05$ ) on at 0.05 level of significance and responses are as strongly agree (34.0%), agree (16.0%), neutral (17.0%), strongly disagree (18.0%) and disagree (15.0%).

Change management showed significant difference ( $\chi^2=26.0, p<0.01$ ) on at 0.01 level of significance and responses are as strongly agree (24.0%), agree (34.0%), neutral (14.0%), strongly disagree (24.0%) and disagree (4.0%).

Risk management showed non significant difference ( $\chi^2=8.5, p>0.05$ ) at 0.05 level of significance and respondent gave responses are as strongly agree (28.0%), agree (12.0%), neutral (24.0%), strongly disagree (15.0%) and disagree (21.0%).

Diversity management showed significant difference ( $\chi^2=19.1, p<0.01$ ) at 0.05 level of significance and responses are as strongly agree (18.0%), agree (25.0%), neutral (14.0%), strongly disagree (34.0%) and disagree (9.0%).

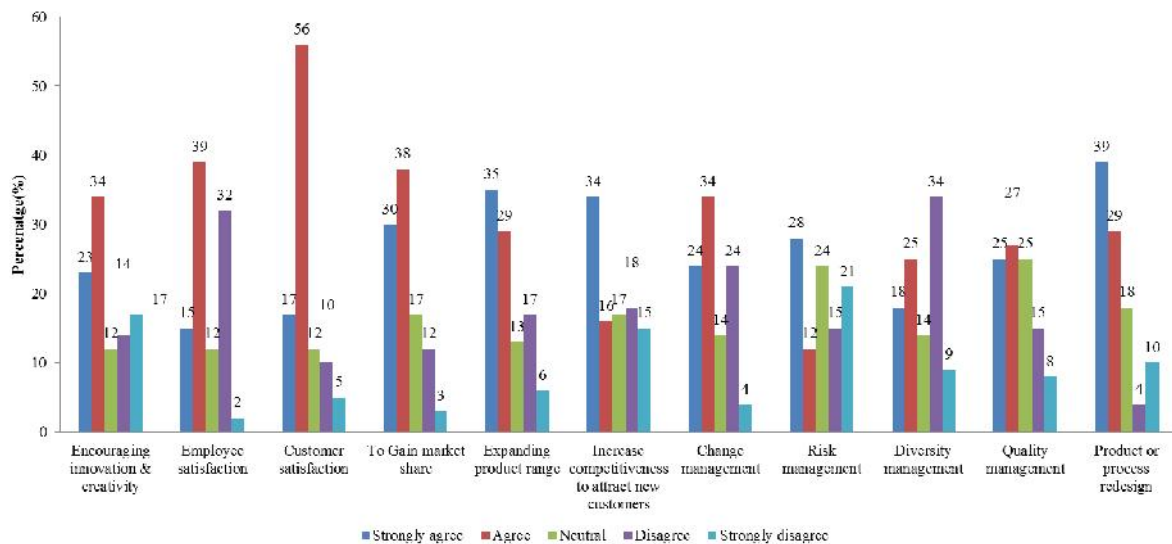
Quality management showed significant difference ( $\chi^2=13.4, p<0.05$ ) at 0.05 level of significance and responses are as strongly agree (25.0%), agree (27.0%), neutral (25.0%), strongly disagree (15.0%) and disagree (8.0%).

Product or process redesign showed significant difference ( $\chi^2=40.1, p<0.01$ ) at 0.01 level of significance and responses are as strongly agree (39.0%), agree (29.0%), neutral (18.0%), strongly disagree (4.0%) and disagree (10.0%). Proportion of success factor help by talent

management practices of company is shown in Figure 1.

From table, it was cleared that Hypothesis:” **Talent management practices are related with business performance**” is accepted.

**Figure1: Proportion of critical success factors affected by talent management practices of company**



**RESULTS & RECOMMENDATIONS**

Talent is the primary driver of any successful company. It’s become increasingly obvious to most business owners and executive teams that, rather than being constrained by capital, companies are typically most constrained by talent. In this objective, the hypothesis: **Talent management practices are positively related with business performance** is accepted.

This study revealed that talent management remains pivotal in management & promotion of performances in business firms. Talent management practices helps to increase critical success factors like encouraging innovation & creativity, employee satisfaction, customer satisfaction, to Gain market share, expanding product range, increase competitiveness to attract new customers, change management, risk management, diversity management, quality management, product or process redesign. New products—and new business models—have shorter life cycles, demanding constant innovation. Technology enables greater access to information and forces us to move “at the speed of business.

A comfortable employee knows clearly what is expected from him every day at work. The firm should provide an ambience where the employee can voice his opinion freely and appreciate their efforts, thereby making them comfortable.

**CONCLUSION**

The retention of employee can provide the caliber workforce which ultimately helps to improve the organizational performance. Employee retention has straight impact on profitability & success of the firm.

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