Retaining Talent and Understating Work Values: Indian Experience

Dr. Sumita Rai

Abstract

The purpose of this paper is to address one of the most important issues of human resource management that Indian organizations are bracing due to their growth and change in economic conditions. The organizations are at cross roads to brace the crucial challenge to human resource management of Indian organizations in the era of growth to develop and retain worthy and suitable talent. This paper highlights the shift in work values which have come across generations and the need of effective succession and career progression planning and understanding work values of employees are the area where spectrum of Indian organizations be they multinational or public sector need to emphasize if they want to address the challenge of retaining good talent.

Keywords: Talent Retention, Work Values, Generation, India, Multinational, Public Sector

Introduction

After the industrial revolution industries and organizations started growing and individuals came and started working for the wages that were prevalent during that era. With passage of time organizations felt that for specific place individuals are required to be trained and individuals with specific skills are required for proper functioning of organizations. Till this time industries were operating in the environment where unemployment was prevalent and skilled manpower was readily available. Then ushers in the era when, even though unemployment is prevailing yet individuals with right skills and expertise are not available and if they are part of organization the challenge is to keep them motivated and retain them to sustain the growth.

1 Management Development Institute, Mehrauli Road Sukhrali, Gurgaon- 122001, India. Email: sumitar@mdi.ac.in
The retention has become one of the few important but misunderstood areas in the management world. Issues pertaining to more turbulent pace of change and growing expectations of employees have given a difficult time for the management of organizations.

This turbulence has brought about one significant change in Indian organizations as they are forced not only to emerge as one of the good paymasters but also to compete for the same set of talent pool innovatively.

**Causes of Turnover**

- Lack of communication among workers and managers
- Work is deemed boring and non value adding
- Less opportunity to grow and learn
- Lack of recognition
- Over control over job and life
- Failure to feel the importance of job

Retaining talent has been one of the daunting tasks for HR managers in India (Chatterjee, 2007). To explore this quest researchers highlighted the reason of labor market shortages (Branham, 2005; Brewster et al., 2005; Lawler, 2005; Boudreau and Ramstad, 2005; Cappelli, 2000; Nybo, 2004; Sparrow, 2004; Chatterjee, 2007) especially in knowledge driven service organizations. The attrition rates in Indian organization are highest in IT and ITeS sector as much as 35-40%. Question emerges whether is there a relationship between growth of organization and the turnover of employees and about their association?

**Growth of Organizations and Challenges of Managing Talent**

The concept of boundary less organization has generated large number of opportunities of jobs to the developing countries. With ever growing rate of world economy, the search for higher level of potential, or in other words talent, has become imperative for modern organizations in India.

Globalization has given different shades to world economy, at one stage the impact of downsizing or rightsizing has made organizations lean and at the other level organizations taking a considerable amount of pain to find out the good and effective set of employees.
Modern day organizations are subjected to juggle between sourcing right talents, nurture them for future roles and retain them at least till they get return on investments.

A careful observation of history and civilization of human being depicts pictures of different phases, in all segments. First phase of civilization and growth was very fast and surprising when people indulged into the acquisition of new skills, knowledge and learning. It was a phase of generating new ideas in the form of doing something. During this period technological inventions were not very high, facilities were not up to the mark, and so were the human needs. Things were limited in number, and the needs of organizations as well as individuals were still in developing phase. The curiosity of human nature to explore new things, in every field is the genesis of idea of getting more facilities, find out different options to handle same operation, and this was the advent of second phase. When human-beings were quite aware about the first hand knowledge and experience, but they had curiosity to see things in more than one way, to find out different options, to work in a more efficient ways. Of course, at second level, employers and employees both focused on to efficient use of resources physical as well as the psychological ones. Third phase of development, has given a different slogan. It is an era when employees and employers both have many options but priority for employers is to sustain, retain, and maintain the level whereas for employees, it is, continual improvement. In this third phase of development, human beings took center stage. It is the era, where organizations are more concerned with not only to use resources in an efficient manner, but they delve discovering and unearthing the idea of effectiveness. The curiosity towards the knowledge of science and technology was still prime. It was not very important and difficult to manage the discovery of science and technology as they are easily available in the market at reasonable price, yet managing human knowledge in effective way has become challenging. It was the era of knowledge, intangible in nature. With proper inputs for motivation organizations were able to bring in innovations, and highly successful results. Employer and employees both have many options, but getting right options into right place at right time and retaining those options became the most appropriate slogan of this phase.

In any organization the real talents are scarce in number the typical flow of trained manpower and talent are described below.
**Typical Flow of Trained Manpower and Talent**

We can express pictorially the typical flow of talent as below:

- All employees who can be recognized as future business leaders with more strategic capabilities than just operational excellence.
- Employees having skills plus specialist talent who are also able to execute business integration projects on time and according to the budget.

Many organizations acknowledge that talent is aligned with business strategy or the operational parameters of strategy execution and will result in definition as strategic priorities change. For example in startup businesses the talent emphasis will be more on innovative or creative talent than the established ones.

**Talent Management Interpretation in Indian Context**

Talent management has been considered as one of the important human resource function in Indian organization. According to recent research the general consensus of defining talent management is an effective mechanisms to recruit, develop manage and retain the key personnel who are effective for work domain but they are less in numbers (Fang Lee Cooke et.al, 2014). In general talent management in India include all function of human resource practice such as recruitment, compensation, training and development, performance management and retention.
There are certain practices that Indian organizations follow to manage talent in order to retain employee, these practices are employee engagement, job rotation, incentives and employee involvement. Applications of these practices differ in context of Public sector and MNCs and Private sector organization in India. These practices are widely applied in multinational and IT and ITeS based organization, while in the public sector and government organizations have applied at surface level.

**Table 1: HRM Practices Practiced by Indian Organization to Manage Talent**

<table>
<thead>
<tr>
<th>HRM Practices</th>
<th>Main Features</th>
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<tbody>
<tr>
<td>Recruitment</td>
<td>• Direct access to recruitment events from institution like engineering and management institutes</td>
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<td></td>
<td>• Different sources of recruitment highly dependent on internet technology less on print media but government</td>
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<td>• Employee’s referral in case of multinational and private organization also to increase retention rate.</td>
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<td>Compensation</td>
<td>• Variable pay incentive in private and multinational sector, also flexible pay based on performance</td>
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<td>• In public sector and government organization emphasis is given on job security, lifetime employment, and health care facilities to employee and his/ her immediate family, housing and schooling for children.</td>
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<td>Training and Development</td>
<td>• In-house-training and development for many multinational private and public sector organizations</td>
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<td>• Sponsoring for higher qualification (MBA/ EMBA)</td>
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<td></td>
<td>• Leadership development program</td>
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<td></td>
<td>• Skill based training program</td>
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<td>Performance Management</td>
<td>• In public sector time based seniority promotion and reward is practiced till the middle management career growth of employee.</td>
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<td></td>
<td>• Performance and merit is basic criteria of MNCs and Private sector organization.</td>
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<td></td>
<td>• Fast track promotion of top performer limited to MNCs and Private sector organization.</td>
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<td>Career Planning and employee engagement</td>
<td>• Career planning and employee Engagement are the area that is being utilized and practiced by very few. Human resource departments have put effort to channelize the motivation of employees but due there is very limited effort and outcome have been visible to the organization.</td>
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<td></td>
<td>• Employee engagement and employee involvement programs are included in the system by multinational and private organization in India but application is not visible as far the retaining talent is concerned.</td>
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The above mentioned practices describe that human resources practices need a careful relook on the system that has grown over the years the need and aspirations of employees have been changing due to growth and development of the organization and also with the growth economic prosperity of the country (F.L. Cooke et al 2014).

Work Values Across Generations

In order to retain employee its significantly important facts to see the growth of organizations and also the growth of expectations of employee from the workplace. Third decades of organizational growth have been witness to extraordinary advancements in technology, the resulting globalization and advent of new industries brought about a sharp increase in affluence and socioeconomic changes particularly in developing countries like India these development has brought changes at various level for example changes in the meaning of work, increasing numbers of dual-career and single parent families’, expectations for work/ life balance and the increased use of electronic media and continuous learning of new skills (Ruiz-Quintanilla and Wilpert, 1991).

Historically at any given point of time there were three generations at work, however, with changing socioeconomic pattern, increase in life expectancy due to advances in health sciences, increase in jobs and decrease in birth rates, nowadays we see four generations working together.

Every generation has a different set of values and priorities as compared to previous generations. Today, there is a paradigm shift in what people expect from the workplace. Earle (2003) discussed the values and priorities of Americans across three generations – Baby Boomers, Gen-X and Gen-Y. Baby Boomers value knowledge, expertise, status, recognition and respect. As against this Generation-Xers are even willing to take less pay but expect flexible work arrangements. Gen Y expects innovative and energetic organizations that can encourage their creativity and value their ideas.

In today’s context of increasing turnover rates, it is very important for organizations to provide employees with what they desire and redesign jobs and work environments according to their expectations in a bid to retain them for a longer time (Arnold & Davey, 1992). This finding garners greater importance in the light of the McKinsey report which predicts steep rise in demand for talented employees over the next 15 years (as much as 33%).
In today’s generation, expectations from the workplace are not confined to material compensation alone, but also include quality of work experience, organizational culture and ambience. With the global workforce becoming more mobile than ever before, the competition and search for talent has become global in scope (Erle, 2003). This phenomenon further heightens the criticality of creation of a workplace conducive to attracting talent from across the globe.

Dries, Pepermans and De Ker pel (2008) examined generational differences in general and work-related values to explore the meaning of career success. Using a Belgian sample, they found that actual career types differed across generations while preferences for different career types and evaluations of the factors representing career success showed few differences. Of particular note is the value that all generational groups attached to job security, but with the oldest and youngest generational groups placing the highest importance on this career influence.

In European context, D’Amato and Herzfeldt (2008) concluded that there were significant differences in learning orientation and leadership development intentions among generations, which had important implications for organizational commitment and intentions to stay with the organization.

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India has the largest youth population in the world, consisting of more than one-thirds of its entire population, has a great intellectual pool, but lacks middle management and the leadership to harness it. There have been changes in work such as: Contract for work to contract of work, dependent/interdependent worker to independent worker, permanent to temporary, office to home, fixed to flexible hours of work, life-time employment to life-time employability, single task/career to multiple tasks/careers, functional to cross-functional, employee as a servant to employee as a partner; loyalty to competence (ies), control to commitment, direction to empowerment, and norms to values (Venkata Ratnam, & Chandra, 1996).
Thus in the era of stupendous growth of organizations understanding the work values of employees and evolving a practice that can directly cater the issues related to employee is one of the important function that human resource management need to include in India.

Conclusion and Implications of the Study

As mentioned earlier there has been a significant amount of change in all spaces of an organization be it policy size growth level and most important the changes in work values across various generations. The problem of attrition has been high on service industry especially IT/ITeS enabled sector like call centers, software services etc.

With the changing expectation of youth there has been changes in the human resources practices in India but these change had been mainly been applied in Indian technology related sector. It has increased the gap between public sector and private and multinational sector organization.

Recent research highlights that the notion of organization loyalty has change in the mind of employees and Indian youth value the loyalty towards job rather than loyalty towards organization (Singh, Bhandarker & Rai 2012).

The time has come when Indian organizations need to bring the clear progression path for the employee to avoid attrition along with the other monetary incentives. Human resources practices need to bring more emphasis on channelizing the capabilities of youth and also the service sector need to make it visible to the younger population who are entering into the work place. In other words it’s need of hour to understand the work values of employee to retain him/her for the organizational growth.
References


