

A STUDY ON TALENT MANAGEMENT STRATEGIES IN PRIVATE SECTOR BANKS

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Abstract

This research study aims at identifying the challenges faced by private sector banks with respect to talent management, and findings out The study also aims at identifying the means through which the banks face their challenge of filling the gaps and what are the strategies that need to be devised in order to reform their talent. This paper aims to review and discuss existing employee engagement strategies adopted by private sector banks and the way in which they retain their core talent. It further aims to provide suggestions as to what should these banks focus on to ensure winning the war for talent.

Keywords: Human Capital, Talent Management, Core Talent

Introduction

Talented employees can make the difference between an average, good or great organization. Research reveals us that great talents outperform average ones in many ways, including higher productivity, lower employee turnover, better client services and greater employee morale and motivation. Given the potential talent drain in the forth coming years in the banking sector as baby boomers retire, the challenge is that talent will become increasingly hard to find. The Private sector banks do not escape this reality and in fact, face some profound and unique challenges in finding potential talent. This paper aims at identifying the challenges faced by private sector banks with respect to talent management and to study the means through which the banks face their challenge of filling the gaps and the strategies that need to be devised in order to retain their talent. Banks are struggling to develop and sustain competitive advantage in an increasingly challenging business environment. They are now beginning to invest more time and money in creating, developing and retaining their talent.

Literature Review

The volume and preparedness of "next-generation" leadership in many banks are expected to fall short of the succession needs that will soon exist (Hymowitz, Carol.(2008))^[1] Additionally, most of the banks anticipate increased turnover of managers, given the industry's significant financial challenges (Brousseau, Kenneth R., Driver, Michael J., Hourihan, Gary & Larsson, Rikard. (2006))^[2]. The limited strength that exists in most of the banks, coupled with accelerated turnover, exacerbates this looming gap.

Banking sector is not the only industry confronting leadership management challenges, yet its challenges are unique and intensify sooner than they do in other sectors (Eichinger, Robert W. and Lombardo, Michael M.(2004))^[3]

Swapna and Raja (2012)^[4] have stated that high-performing companies place management of organizational talent as a top priority. Strategic and talented management is the corner stone for success in the new talent-based economy.

There are numerous reasons as to why recognizing, developing and managing talent is becoming more popular within organizations:

1. McDonnell (2010)^[5] has stated that managing and developing strong HR strategies for talent management and retention is becoming integral part of HR jobs (Glen C (2006))^[6]
2. New generation private sector banks and foreign banks are competing with each other which has triggered the need for banks to look afresh not only at their recruitment strategies but also in retaining their talent(Dr K C Chakrabarty,(2010))^[7]
3. Investing in talent will encourage people to stay within the organisation and this will allow a more co-ordinated approach to developing leaders of the future(Dr K C Chakrabarty,(2010))^[8]
4. It is imperative to identify and groom successors and have proper leadership development strategies and succession planning for all strategic and key roles in the bank. It is not only important to attract talent but also to develop the quality of the attracted talent and retain them(Philabaum, N (1999))^[9]
5. In a business economy where knowledge is recognized as a prime asset, it is essential that organizations' improve leadership and personal development to ensure retention of valuable talent(Philabaum, N (1999))^[10]
6. Many researchers had confirmed the importance of talent management in current era of competitiveness (Bersin, 2010)^[11].
7. Talent management is a long term approach figuring out organization required work force and improving organization performance (Bersin, 2010)^[11]

The current trend, reveals that individuals are less-focused on short-term rewards and are taking a longer term view of their career development and hence more selective about their choice of organisation. Thus organisations have started focusing on talent management issues (Farley, C. (2005))^[12]

Thus, the key to the success of the organisation generally depends on the success full implementation of talent management strategies.

Objectives of the study

- To study the challenges faced in managing talent in private sector banks.
- To identify the talent management strategies devised by banks.
- To study the process through which banks optimize the potential of their human recourse and get them to contribute more effectively in teams.
- To identify the different engagement drivers used by private sector banks.

Research methodology

The methodology adopted in the survey consists of the following:

1. Primary data was collected specifically for the purpose of the research needs at hand. Secondary data was also collected.
2. Research instrument: The questionnaire consisted of 4 specific issues pertaining to building a winning environment, making talent management a priority in business, selecting outstanding talent, develop such talent and use it effectively. It also provides a snapshot of ways and means of attracting excellent talent to apply to the organisation. It also considers some of the unique factors for identifying, developing and retaining leadership talent in banks and the ways in which they are addressed. The study highlights the engagement drivers used by private sector banks. The study examines the association between age of the employees and engagement strategies preferred by them. The questions are framed using simple, direct and unbiased words and its flow is also designed logically.
3. Sampling Details: The sampling unit of this study comprises of 150 managers working with new generation private sector banks from the city of Chennai as the sample.

Their profile is

- They were working for Private sector banks were at the same management level had comparable number of years of management experience in banks.
 - Data was collected from each of these managers using the questionnaire and personal interview
4. Statistical Tools: Statistical tools applied for analyzing the data were - simple average, chi-square and percentage analysis.

5. Limitations of the study

- The study is limited to the genuineness of the responses collected.
- Time constraint.
- The study is restricted to 150 respondents

Table 1: Analysis of the data & Findings

Personal and Occupational profile Variables	Respondents Details	Number of Respondents	Percentage of Respondents
Age	21-30	36	24
	31-40	33	22
	41-50	39	26
	Above 50	42	28
Total		150	100
Educational Background	Post graduates	105	70
	Under graduates	6	4
	Professional qualified	39	26
Total		150	100
Designation	Senior Managers	6	4
	Managers	144	96
Total		150	100
Mode of appointment	Managers	111	74
	Promoted as Managers	39	26
Total		150	100
No. of years of experience	0-5 years	15	10
	6-10 years	24	16
	11-15 years	18	12
	16-20 years	33	22
	Above 20 years	60	40
Total		150	100

- a. Educational Background of the Respondents: 70% of the respondents were Postgraduates, 26% of the respondents were professionally qualified and 4% of the respondents were Graduates.
- b. Age Group of the Respondents: 28% of the respondents were in the age group of above 50 years of age, followed by 26% respondents in the age group of 41-50 years, 24% of them were in the age group of 21-30 years and 22 % of them were in the age group of 31-40 years.
- c. Designation: 96% of the respondents were managers and 4% of the respondents are senior managers.
- d. Mode of Appointment: 74% of the respondents were directly appointed as managers and 26% of the respondents were promoted as managers.
- e. Number of years of experience of the respondents: 40% of the respondents have above 20 years of experience, 22% of them have 16-20 years of experience, 16% of them have 6 to 10 years of experience, 12% of them have 11 to 15 years of experience and 10% of them have less than five years of experience.

Table 2: Talent Management – A major challenge

Variables	No of Respondents	Percentage
Yes	147	98
No	3	2
Total	150	100

Talent management: 98% of the respondents opined that winning the war for talent posed is a major challenge for banks. In terms of 'talent management', there was a general consensus that the need to recruit, retain, develop and enabling them to contribute to the team will be a key source of competitive advantage in Private sector banks of the future. Majority of the respondents were of the view that Talent Management is the life-blood of organisations in the financial sector, not just in gaining competitive advantage but also in surviving. Winning the 'war for talent' is all about how well the organisation is able to identify, develop and retain its talent. Private sector banks are placing greater emphasis on 'growing their own' talent from the early stages of graduate development and then through programs that accelerate the development of talent for the future. However 2% of respondents said they were able to handle talent without any difficulty.

Table 3: Further analysis of data

Variables	No of Respondents	Percentage
Getting the right talent	60	40
Cost of hiring talent	51	34
Cost of training the talent	24	16
Engaging the talent	15	10
Total	150	100

Challenges faced by banks in managing talent: 40% of the respondents said that despite the fact that we have massive population there is vast demand supply mismatch on the talent front. Getting the right talent with the requisite skill set remains to be a colossal challenge. 34% of the respondents stated that the cost of hiring the right talent is high. Lack of availability of talent in terms of numbers and quality as required by the banking sector increases the employment costs.16% of the respondents said that the cost involved in training the talent hired is yet another challenge faced by private sector banks.10% of the respondents agreed that engaging the right talent is essential to enhance performance. Engaging the employees at work as per their competency level is a great challenge that occupies the centre stage.

Talent management strategies adopted by private sector banks: It focuses on creating a captivating environment, making talent management a priority, creating a means of selecting outstanding talent, develop and use it to contribute more effectively in teams.

Table 4: Talent management strategies adopted by private sector banks

Variables	No of Respondents	Percentage
captivating environment	48	32
Selecting the right talent	45	30
Making talent management a priority	30	20
Provide a career path	27	18
Total	150	100

Creating a captivating environment: 32 % of the respondents stated that a banks need to create a business environment that talented people will want to join. There are a number of “pull” factors, which appeal to an individual’s wants and needs that attract them to an organization like sound values, compelling vision and create exciting jobs that will stimulate, challenge and stretch capable people. Moreover banks need to ensure that the recruited talent is effectively coached, mentored, given feedback and appropriately rewarded.

Selecting the right talent 30% of the respondents affirmed the importance of selecting the right talent. This is generally done when the managers have a clear cut idea about what they want. This enables them to develop a robust selection process and objectively assess the applicants to ensure that the right people are recruited.

Making talent management a priority 20 % of the respondents agreed that managers and senior managers need to understand the importance of identifying and developing talent as a key objective. Managers need to develop the art of giving objective feedback. Thus it becomes inevitable that managers need to identify the performance gaps, coach and mentor employees in order to make effective use of talent.

Providing a career path 18% of the managers agreed that engaging employees, creating development roles and providing a career path will enable the talent to grow and blossom. Brundage and Koziel (2010) highlighted the importance of talent retention by saying that effective talent management and talent retention is a continuous process and it must be part of organizational culture. Thus by providing a career path will enable retaining the right talent.

Course of action adopted by banks to optimize the potential of their human resource:

The respondents unanimously agreed that in order to use and develop the talent it has banks adopt the following strategies:

- Recruit talent according to its strategy and needs
- Move and promote talented people frequently, especially early in their careers, to give them an holistic view of the work and as much experience as possible
- Confront issues of turnover and take action to promote career progression
- Give regular feedback, supported by both coaching and mentoring by the immediate superior
- Break the rules, if necessary, to ensure talent is properly recognized and rewarded
- Ensure planned development actually happens
- Employee engagement

Table 5: Different engagement drivers used in private sector bank

Variables	No of Respondents	Percentage
Pay Package	48	32
Learning and Development	45	30
Awards and innovative career plans	33	22
CSR initiatives and theme events	24	16
Total	150	100

Engagement drivers used in private sector banks: 32% of the respondents said that good pay package as a key factor that initiates employee engagement, followed by 30% of the respondents said that ample opportunities for learning and development drive people to be closely associated to the organization. 22% of the respondents said that innovative career plans, and recognition keeps them motivated to stay with the organisation and 16% of them said participation in CSR activities and theme events makes them feel worthy.

Hypothesis

Ho: There is no association between the age of the employees and the engagement strategy preferred by them.

Age of the respondents	Salary and pay package	Awards and recognition	Learning and development activities	CSR initiatives and theme week	Total
21-30	16	2	10	8	36
31-40	8	3	20	2	33
41-50	15	4	10	10	39
Above 50	9	24	5	4	42
Total	48	33	45	24	150

Pearson Chi-square	
Value	18.909
Df	3
Asymp. Sig.	0.002

Since the significance value is less than the tabulated value, the null hypothesis is accepted, which indicates that, both the variables (Age of the respondents and engagement strategy preferred by them) are not associated. The chi-square value 18.909 and $p = .002$ are statistically significant at 5% level. Therefore it can be concluded that there is a close association between the age of the employees and the engagement strategy preferred by them. The above table clearly shows that respondents in the age group of above 50 prefer awards and recognition as an engagement strategy in comparison to other engagement strategies.

Suggestions and recommendations:

1. Making talent management a priority: 20 % of the respondents agreed that managers and senior managers need to understand the importance of identifying and developing talent as a key objective. Managers need to develop the art of giving objective feedback. Thus it

becomes inevitable that managers need to identify the performance gaps, coach and mentor employees in order to make effective use of talent.

2. Selecting the right talent: 30% of the respondents affirmed the importance of selecting the right talent. This is generally done when the managers have a clear cut idea about what they want. This enables them to develop a robust selection process and objectively assess the applicants to ensure that the right people are recruited.
3. Provide a career path: 18% of the managers agreed that engaging employees, creating development roles and providing a career path will enable the talent to grow and blossom. Brundage and Koziel (2010) highlighted the importance of talent retention by saying that effective talent management and talent retention is a continuous process and it must be part of organizational culture. Thus by providing a career path will enable retaining the right talent.

Conclusion

Successful organizations have one factor in common getting the right talent nurtured, retained and valued. Thus it becomes evident for banks today to get to know that people are increasingly the principal assets of any organization. Private sector banks must not only focus in terms of having an excellent talent pool but also in their ability to draw the best from their talent. Effective recruiting is the beginning of effective retention.

Matching tasks and talents is a great challenge. Talent management ensures that the existing employees in the organization rotate properly ⁽¹⁴⁾ and proper person is assigned for proper job in a proper time. ⁽¹⁵⁾ Reworking

The recruitment process may be a forerunner of a successful talent management strategy. This may include identification of key positions and the turnover risks associated with these positions, and competency-based selection criteria that support the retention strategy. Premeditated and integrated set of initiatives allow the employees to align themselves with the organizational goals and objectives. Mapping KSA's for diverse work areas, building up abilities through sustained strategies and drawing out dormant possibilities optimally would ensure emergence of leadership talent that is significant to any organization's success. The aim is to align the current and future talents of individuals with the strategic challenges of the banking industry. Thus employees need to understand the how to be more effective in their current roles by being able to handle business challenges. Moreover, they should be capable of designing a personal development plan for shaping future careers for themselves. Organizations have to strategize how best to utilize the people's talents by identifying areas for internal development that is necessary for ensuring future success. Thus organizations have to move away from simple administration to an objective oriented approach for retaining key employees. Hussein (2009) ⁽¹⁶⁾

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