

Talent Management Aspects Augmenting Bank Performances In Indian Banking Scenario

Dr. Prabir Chandra Padhy

Asst. Professor (Sr.), Dept. of Technology Management-SMEC, VIT University, Vellore

Ms. Smita Panda

Teaching Cum Research Assistant, VIT Business School, VIT University, Vellore

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ABSTRACT

Finance and banking can be well-thought-out as the livelihood of any trade or industry. Currently, the banking sector is supposed as the mainstay of contemporary business. Development of the banking system accelerates the progress of the economy. The Indian banking sector has been the drivingforce of the Indian economy over the decades. Thus, managing human capitals in the banking industry demands attention in precedence. There is a strategic necessity for organizations to manage talent. Demographic patterns are changing nowadays. More people are about to retire than joining the existing human resources. This generation of youth have different needs and are fast to switch if their organization is not meeting their expectations. Consequently, in this dynamic work environment of the 21st century, talent management strategies are playing a vital role to increase the performance of financial institutions exclusively of the commercial banking sector. This paper takes an attempt to establish the relationship between different aspects of talent management practices and performance of the banking sector.

Keywords: Banking sector, Demographic patterns, human capitals, Indian economy, talent management, etc.

INTRODUCTION

The banking sector, being considered as the pillar of the economy, is expected to deliver its worth. Creating value is a course of action for the attainment of spelt out objectives. In this direction, the significance of human resource can't be left behind. Only acquisition of skills and abilities is not sufficient; development and retention are also imperative. However, the turnover of employees in commercial banks is growing year by year. Such happenings impede the image of banking institutions as a primary employer of new talents. This conception coerces banks to implement specific, well-defined policies for talent management. Talent management is a process which can be understood from different perspectives. From a competitive standpoint, it is believed that talent management is about ascertaining what talented people want and offering the same. Otherwise, your competitors will poach them to join their company (Woodruffe, 2003). From the developmental perspective, talent management proposes that it accelerates development for potential employees (Wilcox, 2005). HR planning perspective of talent management claims that it is about having the right people in the right jobs at the right time and doing the right things (Mucha, 2004). From the change management viewpoint, talent management guides the process of change in the organization using the system as a strategic HR initiative for organizational change (Lawler, 2005).

LITERATURE REVIEW

Survey of the related literature has been presented below:

TALENT MANAGEMENT

Talent Management is an integral part of the organization. It is designed and implemented within an organization, be it of any sector. Thus, it can't be understood as a separate phenomenon (Gallardo, Thunnissen, & Scullion, 2020). Organizations must have distinct strategies on hiring the right talent, to attract and retain the best available talent (Karthikeyan, 2007). Much importance has been given on steps that help the organization to retain and develop the talent [Pandit, 2007]. Apart from money and machines, the talents of an organization are budding into treasured assets which give a competitive advantage to the organization (Rawashdeh, 2018). Since the 1990s, the literature on talent management has been discussed (Shaemi, Allemah & Bajgerani, 2011). Due to the increased awareness of the impact of talent management within an organization, the practice of it has gained momentum (FakhrEIDin, 2013). ALDamoe et al, (2012) have stated that talent management can be approaches intended to increase a firm's performance through enhanced processes for attracting, developing, retaining and optimizing employees with the skills and competencies to fit present and future business needs (Iqbal et al., 2013; Cappelli, 2008). Several scholars have explored that three talent management practices like talent

attraction, talent development, and talent retention have a positive impact on the firm's performance (King, 2015; FakhreIDin, 2013; Kehinde, 2012; Vaiman, Scullion & Collings, 2012).

TALENT ATTRACTION

According to Kim and Co., Talent attraction is a process of attracting individuals to apply for the vacancy which is comprised of recruitment and selection, employer choice, employer branding, and employee value proposition (Kim et al., 2014). Individuals with a different set of skills become a source of future senior administrators for the firm (Kehinde, 2012). Talent people can be created in two ways: internal source and external source. In internal source, people already know about running the business and deal with difficulties of the firm. Therefore, it is considered as the best way of creating a talented individual. The external source is deemed to be apt if there is a requirement for essential changes (Baum & Kabst, 2013). Employer branding provides the organization with a significant competitive edge. The firms promote their brand name to distinguish it from competitors in the mind of customers (Burkus & Osula, 2011). Employee Value proposition also contributes to employer branding. It is a collection of offerings provided by a firm in return for employee performance at the workplace. It encourages loyalty as well as employee satisfaction (Ariss, 2014). Tandehill (2006) urges all organizations to reason why the total work experience at their organization is superior to that of other organizations.

TALENT DEVELOPMENT

Within the scope of talent management, beyond the recruitment, selection and retention of human resource, identifying and developing their ability or aptitude may be considered as the primary duties of talent management (Mohammad & Shaari, 2020; Dalal & Akdere, 2018). The concept of developing talent in an organization also helps to attract talent. Talent development is one of the most critical stages of the talent management process (Mathimaran & Kumar, 2017). Talent development strategies are implemented by organizations to improve their employees' skills, capabilities, attitude, and knowledge to generate better productivity (Rathod, 2014).

The talent development process includes four broad areas (Garavan & Carbery, 2012):

- Identify (who to develop?);
- Design (what competencies to develop, at what speed, and for how long?);
- Evaluate (what analytical tools to use to measure effectiveness?); and,
- Organizational Support (what support can top management provide?)

The outcome of researches also reveals that companies with the right talent development processes have excellent human resource reputations (Kucherov & Zavyalova, 2012). Another finding is the transfer of valuable knowledge from older workers to their younger co-workers or other members of the workforce transferred during the talent development process (Calo, 2008).

TALENT RETENTION

Talent retention includes policies and strategies that are adopted by organizations to prevent their talent from leaving the organization (Bangwal & Tiwari, 2015). According to Fayyazia and Co. presently, employee retention causes a challenge to many organizations (Fayyazia et al., 2015). Masri & Jaaron (2017) claimed that when talents are provided with monetary and non-monetary benefits, talent retention can be improved. Apart from compensation job satisfaction plays a significant role. Talented employees will leave a reality in today's fluid work environment. Therefore, Tarique & Schuler (forthcoming) have said that currently, it has become essential for the organizations to extract as much as possible from the talents in a short period.

Effective retention strategies for an organization include:

- Talent Engagement: Lockwood (2007) suggests that more engagement with the work and organization gives job satisfaction to the employees which will motivate them to contribute with higher productivity and have a favourable opinion about their employer. They are less likely to leave the organization voluntarily.
- Career Development: When the organization works with employees to develop their career paths, has helped it to retain key employees (Mathis & Jackson, 2011). South-Western, Cengage Learning). When employees understand that their organization values their development, they can be more connected to their work and organization. Organizations providing career planning for talented employees will witness lower voluntary turnover.
- Talent management culture: employees must understand that talent management is a priority. Sourcing talent effectively and rewarding them for improving talent retention is essential (Schuler et al., 2011).

BANKING SECTOR PERFORMANCE

The banking system in India was originated way back in the 18th century. Banks are those financial institutions which receive deposits from the public and also borrow money from other sources for raising Working Capital Funds. They have to pay the cost by way of interest on the funds raised. To recover this cost and to meet the administrative and other expenses as also to earn a profit, banks have to utilize the working capital funds by either granting advances or making investments. They have gradually turned out to be more systematic in their everyday operations because of the Reserve Bank of India. The Reserve Bank of India formally took on the responsibility of regulating the Indian banking sector from 1935. Vasant Desai (2007) said that the Reserve Bank of India is known as the banker's bank. It is the head of all banks. All the money formulations of commercial banks are done under the Reserve Bank of India. The RBI performs all the typical functions of an excellent central bank as it is involved in planning the economy of the country.

The performance of the banking sector is more closely linked to the economy than that of any other industry. So, bank performance needs to be taken care of properly. Different parameters can appraise the banking sector performance. Mittal and Dhademad (2005) have found in their research that higher profitability is the only primary parameter for evaluating banking performance. I.M. Pandey (2005) states an efficient allocation of capital is the essential financial function in modern times. The firm's value will increase if investments are profitable and add to the shareholders' wealth. Again Vasant Desai, (2013) has stated that the performance of a bank can be assessed in their broad dimension viz. business development, customer service, and housekeeping. The most important resources that a bank has is human resources which will help in managing all other resources of the bank. By striking a balance between the aforementioned parameters and managing talents, the functioning of a bank shall improve.

RESEARCH OBJECTIVE

- To identify challenges faced to execute proper talent management practices in the organisation.
- To determine different aspects of talent management.
- To identify the ways to retain critical talent in banks.

RESEARCH HYPOTHESIS

Based on the literature review, the following hypotheses have been provided.

H1: Attracting talent affects bank performance positively in Indian commercial banks.

H2: Developing talent has a positive impact on bank performance in Indian commercial banks.

H3: Retaining talent helps Indian commercial banks to perform positively.

RESEARCH METHOD

This section discusses the methodology adopted for the study. The different areas included are the population of the study, the sample, the sample area, the data collection, about the methodology for analysis.

The data for the study was collected from both primary and secondary data sources. Primary data was obtained from the ten leading commercial banks of India. Data obtained from different journals, magazines, newspapers and various reports published by banking and Government agencies were the secondary source of information. Top and middle-level management of HR Department and line managers of commercial bank are the target respondents. For this study, the Southern part of India was considered as a universe. One hundred seventeen (117) respondents from commercial banks were considered as the population for this study. The questionnaire was comprised of three parts. The first part of the questionnaire was for obtaining the information related to demographic factors such as gender, qualification, experience etc. The second part was meant for collecting the information related to talent management aspects such as talent attraction, talent development and talent retention strategies. Last part of the questionnaires to obtain the information about the parameters associated with the performance of bank such as consumer behaviour, job satisfaction of employees, market value, the attrition rate of employees etc. The questions of questionnaires were framed in Likert's five-point scale from 5(always) to 1 (Rarely).

Table-1: Survey Parameters- Mean and SD

Category	Mean	SD
Talent attraction	3.49	1.14
Talent development	2.93	0.99
Talent retention	4.17	1.23
Talent Management	3.41	1.11

Aspect		
Customer Allegation	3.15	1.25
Market Value	3.21	1.31
Attrition rate	2.21	0.78
Job Satisfaction	4.21	0.67
Profit	4.09	1.21
Performance	3.31	1.12

Table-2: Survey Parameters- Correlation

	Talent attraction	Talent development	Talent retention	Performance
Talent attraction	1	0.61	0.52	0.65
Talent development		1	0.55	0.67
Talent retention			1	0.73
Performance				1

Table-3: Multiple Linear Regression Analysis/ Correlation Analysis

Factors	r ²	F	Sig f	T	Sig. t	α	β	Decision
Talent attraction	0.73	86.17	0.00	4.03	0.001	0.66	0.338	Support
Talent development				4.56	0.000		0.316	Support
Talent retention				4.61	0.004		0.389	Support

DATA ANALYSIS

The descriptive statistical technique was executed for doing data analysis. The results mentioned above are in conformity. As per table-1, findings of statistical analysis show that there is an agreement of the employees aligned with talent management dimensions. Value of mean is varying from 4.17 to 2.93. Talent retention shows the highest conformity with 4.17 mean and 1.23 SD, whereas talent development shows the lowest conformity with 2.93 mean and 0.99 SD. In the case of performance aspects, job satisfaction shows the highest conformity with 4.21 mean and 0.67 SD, whereas the attrition rate shows the lowest conformity with 2.27 mean and 0.83 SD. Table-2, the output of the correlation coefficient supports all three hypotheses. The correlation coefficient of talent attraction is 0.65, which shows a positive relation between talent attraction strategy of the bank and bank performance. Table-3 shows that t-value of Talent attraction is 4.03, which means there is a significant relationship between talent attraction and bank performance. Similarly, from the coefficient of correlation and t-value of talent development and talent retention, it is marked that there is a significant relationship between talent development and talent retention.

CONCLUSION

Talent management is emerging as an essence to every organisation and demand for managing talented labour force is growing day-by-day. Sound talent management practices are a competitive advantage for financial institutions. The directive of today’s workforce scenario is clear. Human capital necessarily is aligned with the strategies and objectives of the organizations. Effective talent management approaches start with recruiting and retaining talented people, followed by sustaining the knowledge and competencies across the entire workforce. With fast-changing job requirements, this becomes ever more difficult for organizations. Hence, attracting, developing and retaining suitable talents is desirable. And above all, job satisfaction of the employees is the key to proper implementation of talent management methods in the organisation. Job satisfaction will help in retaining the talented resources of the organisation for an extended period. Retaining talented and trained human resources adapted to the organisational culture helps in achieving higher organisational efficiency.

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