



# EXPLORATION OF PRACTICAL CHALLENGES OF TALENT MANAGEMENT PROCESS IMPLEMENTATION IN IT COMPANIES

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## **Abstract**

Implementation of talent management in IT companies requires an elaborate exploration to identify the challenges and issues. Talent management always creates challenges among the top-level executives to implement strategies in any organization. The study is successfully conducted through a primary data approach followed by the assistance of secondary data. The primary data is obtained from the employees of IT companies through a well-framed questionnaire. The questionnaire is used as the research instrument. The main study data collection is carried out through the convenience sampling method and obtained 322 usable responses. The statistical tools confirmatory factor analysis, exploratory factor analysis, linear multiple regression analysis, one-way analysis of variance and structural equation model are used to analyse the data. It is concluded from the research that lack of interpersonal relationships, employee cooperation, and job involvement are the predominant reasons hampering the implementation of talent management systems in IT companies. Most of the top-level executives in IT companies are not transparent in their full communications which created a difference among the employees in perceiving the notions as well as the importance of talent management system implementation.

**Keywords:** Talent Management, Practical Challenges, IT Companies, Human Resource, Employees.

## **1. Introduction**

Implementation of talent management in IT companies requires an elaborate exploration to identify the challenges and issues. Talent management always creates challenges among the top-level executives to implement strategies in any organization. The human resources in every organization require acceleration through the identification of talent management strategies. There is a severe demand from IT companies to revamp the process of talent management implementation. All IT companies focus more on talent identification, talent retaining, and talent maintenance. The employees and their performance are evaluated under the method of a 360-degree appraisal system to underpin their explicit and implicit talents. Talent management strategies originated from the concept of talent mobility Yona Sakaja Manusho, Raphael Kipcoech Murei, Eunice Nelima (2015),

This talent mobility arises from the heavy competition prevailing among IT companies which are involved in the process of talent hunting or talent poaching. Therefore talent management became a colossal concept and big responsibility for IT companies and continuously motivates them to design their indigenous strategies to attract the fruitful talents of the employees. The prominent emergence of the IT market requires more talented employees and invigorated labour efforts to achieve organizational performance as well as organizational efficiency. Talent mobility is very popular among IT companies because employees always require career elevation, monetary gratification and job satisfaction. Wageeh A. Nafei (2015)

Human resources combined with employee talents are useful for IT companies to compete in the global IT market. In measuring the challenges of talent management, IT companies experienced a phenomenon of diversity in implementing the whole talent management process. These talent management strategies and their implementation in different IT companies are different and there is no common basis to implement all the talent management strategies. A need-based approach is followed in every IT organization to manage the talents of the employees. The IT companies are broadly categorized into IT and ITES companies and their products are placed in the international market among heavy competition. In this scenario, IT companies are duty-bound to meet the challenges of talent management and assigning the right talents to the right place to

increase their productivity, In this context, the present paper explores various challenges and issues faced by It companies in implementing the talent management process. This paper also intended to validate the common and predominant issues responsible for the successful implementation of talent management strategies.

## **2. Literature Reviews**

James Sunday Kehinde (2012) argued that talent management is essential to create a significant impact on emerging markets of the IT industry. Talent management is positively related to all the components of human resources management. The authors highlighted that talent management implementation is depending upon the rational performance appraisal system conducted in any organization.

Ghassem Abedi, Azadeh Ahmadi and Iravan Masud Asl (2011), this particular study mainly focused on the problems and prospects of implementation of talent management in organizations. The authors emphasized the importance of organizations identifying the high potential of employees. The importance of potential appraisal systems and their subsequent influence on the implementation of talent management process in any organization.

Dana Egerwa, Drahoslav Lancraric, Ludvikeger, and Radovan Savov (2015), in empirical research these authors proved that organizations are very meticulous in selecting the employees who are displaying their abilities in the work environment. Employee engagement and their aspiration for career development are important clues for talent identification. The authors also found that the talent implementation process is hampered by the lack of smooth interpersonal relationships prevailing among the employees in the organization.

Choonghyum Kim, Jaeweon Lee and Jaehoon Rhee (2015), in another research, the authors identified the challenges of implementation of talent management in an organisation as not a unique phenomenon but depends upon the human resources management system that exists among the organisations. Particularly. Organizational Development ideas, performance appraisal systems, goal-setting processes and employee cooperation are very essential to determine the

challenges of implementation of talent management in any organisation. The successful implementation would ultimately lead to productivity and individual efficiency of the employees. Cappelli P (2008), these authors emphasise the need for identification of the right person to have the right job is an important challenge of the talent management implementation process in organisations. The talented pool of employees with high potential is systematically identified and their sustainable competitive spirit is also considered for the talents. The human resources development department in those organisations acts as an architect to design the strategies to implement the talent management system in the organisation. The appropriate talent management would ultimately lead to the commitment of the employees.

Bidayatul Akmal Mustafa Kamil, Zabeda Abdul Hamid, Junaidah Hasim, and Azura Omar (2011) these authors emphasise the need for a comprehensive framework of talent management implementation process in continuous cycles to negative issues. Most organisations are showing a special inclination towards skill identification process, and a lack of smooth interpersonal relationships to implement the organisational activities in the form of talent management. They also emphasise the important need for appropriate recruitment, useful training and development, and motivating compensation and benefits are the important strategies to motivate their employees for the smooth implementation of the talent management process.

Anu Gupta and Devina Upadhyay (2012), in another research these authors identified a formula to create an integrated system to implement all the talent management strategies among the employees through the powerful tools of human resources management. They argued that human resources planning, employee recruitment, retention strategies, organisational development strategies and succession planning are very essential to implement successful talent management strategies within the organisation. Employee retention strategies are powerful indicators of the potentiality of all organisations in managing the talents of the employees.

### **3. Research Gaps**

After reviewing the national and international literature on the challenges in the implementation of talent management processes in organisations, the researcher predominantly identified three unaddressed issues namely

1. What are all the challenges affecting the implementation of the talent management process in IT companies?
2. How many factors are responsible to measure the talent management strategies of IT companies?
3. How many organisational variables are directly affecting the employee's perception of the Challenges of implementation of talent management system in the organisations?

Therefore the researcher is mainly focusing on answering the above-mentioned research gaps with empirical evidence obtained from the employees of IT companies in the great metropolitan city of Chennai.

#### **4. Objectives of the Study**

1. To study and determine the challenges responsible for the implementation of talent management processes in IT companies.
2. To analyse talent management strategies popular in IT companies and their subsequent influence on employees.
3. To identify the influence of organisational variables on employees and their perception towards talent management and the challenges of implementation in IT companies.

#### **5. Hypotheses**

1. There is no significant difference among the challenges of implementation of talent management process in IT companies.
2. There is no significant influence of organisational variables on employees' perception towards talent management and its implementation in IT companies.

#### **6. Research Methodology**

This research is mainly focusing on the exploration of different factors hampering the implementation of the talent management process. Talent management is not a unique phenomenon whereas it is a combination of different components and those components are validated in this study. The study is successfully conducted through a primary data approach followed by the assistance of secondary data. The primary data is obtained from the employees of IT companies through a well-framed questionnaire. The questionnaire is used as the research instrument.

### **6.1. Questionnaire Design**

The questionnaire consists of three parts namely organisational variables of the employees and it is followed by their perception regarding the factors of talent management strategies and other factors affecting the implementation of talent management strategies in IT companies. The first part of the questionnaire is purely optional whereas the second and third parts are aimed at obtaining the perception of employees through Likert's five-point scale which ranges from strongly agree to strongly disagree.

### **6.2. Pilot Study**

After formulating the questionnaire based on the gaps in the literature and the design of the objectives of the research, the researcher intended to conduct the test of reliability and validity through a pilot study. Therefore initially the researcher collected 100 samples from five popular IT companies in Chennai city and applied the Cronbach alpha method on the statements in Likert's five-point scale. The derived Cronbach alpha value is 0.861. This shows that the statements in the questionnaire are well understood by the employees of IT companies and motivate them to give their responses transparently and rationally. This also shows that the reliability is valid at 86.1% level which is above the required benchmark of 75%.

### **6.3. Main Study**

After conducting the pilot study, the researcher intended to carry out the main study data collection through the convenience sampling method. The convenience sampling method is also justified by the researcher since it deals with the employees of reputed popular IT organisations in which the employees are very busy. The employees are allowed to take a convenient time of one week to 15 days to fill out the questionnaire. The random sampling method failed in this study because the randomly chosen employees refuse to give the answers. Therefore the researcher applied a convenience sampling method to collect the responses from the employees of five popular IT companies in Chennai city. The researcher circulated 75 questionnaires each in all five popular IT companies and can obtain 322 usable responses; the remaining 53 respondents did not return their questionnaire after continuous requests to them. Therefore the researcher did not consider them for the research. Hence the sample size of the research is 322.

#### **6.4. Data Analysis**

After collecting 322 usable responses the researchers systematically tabulated them in the statistical package of social sciences software version 23 to anatomically analyse the primary data responses derived from the employees of five popular IT companies in the metropolitan city of Chennai. After entering the data in the software, the researcher analysed them statistically using confirmatory factor analysis, exploratory factor analysis, linear multiple regression analysis, one-way analysis of variance and structural equation model.

#### **7. Analysis and Discussion**

In this section, the researcher completely analyses the primary data responses obtained from the employees of IT companies. At the point of inception, the exploratory factor analysis is applied to the two blocks of variables namely challenges determining the implementation of the talent management process as well as the factors directly responsible for talent management systems in IT companies. Each of these blocks of variables consists of 20 items and the application of the exploratory factor analysis brought the following results

**Table 1-KMO and Bartlett's Test for Challenges of Implementation of  
TM**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.946
Approx. Chi-Square		13947.207
Bartlett's Test of Sphericity	df	190
	Sig.	.000

From the above table it is found that the KMO and Bartlett's test of normality, chi-square values are statistically significant at a 5% level. This designates that the variables regarding the challenges of implementation of the talent management process are normally distributed and suitable for factor segmentation through underlying variables. The following table indicates the number of factors derived from 20 variables regarding the challenges of the talent management implementation process.

**Table 2- Number of Factors of Challenges of Implementation of the Talent Management Process**

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.313	71.565	71.565	5.171	25.854	25.854
2	1.123	5.616	77.181	3.730	18.650	44.504
3	.762	3.810	80.991	3.386	16.929	61.433
4	.616	3.082	84.074	2.570	12.848	74.281
5	.569	2.847	86.921	2.528	12.639	86.921
6	.460	2.299	89.220			
7	.341	1.705	90.925			
8	.305	1.526	92.451			
9	.260	1.299	93.750			
10	.191	.954	94.704			
11	.189	.946	95.650			
12	.134	.671	96.321			
13	.127	.635	96.956			
14	.123	.615	97.571			
15	.102	.508	98.079			
16	.099	.496	98.575			
17	.096	.482	99.057			
18	.077	.385	99.442			
19	.062	.309	99.751			



20	.050	.249	100.000		
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From the above table, it is found that 20 variables are diminished into five meaningful and predominant factors with underlying variable loading. The cumulative variance is found to be 86.921% which is above the required percentage of 40%. This implies that the derived factors and the total average scores can represent all the 20 variables of challenges of the talent management implementation process. These five challenges are transparent communication, employee involvement, interpersonal relationship, team coordination and executive decisions respectively.

A similar approach of exploratory factor analysis on the factors of talent management is useful to identify the talent management factors. The application of exploratory factor analysis on twenty variables of talent management derived the following results

**Table 3-KMO and Bartlett's Test for Talent Management**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.932
Approx. Chi-Square		12928.817
Bartlett's Test of Sphericity	df	190
	Sig.	.000

From the above table it is found that the KMO and Bartlett's test of normality, chi-square values are statistically significant at a 5% level. This proved that the variables regarding the talent management system and those variables are normally distributed. These variables are suitable for factor segmentation through underlying variables. The following table indicates the number of factors derived from 20 variables regarding the talent management implementation factors.

**Table 4- Number of Factors of Challenges of Talent Management**

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.077	65.387	65.387	6.155	30.777	30.777
2	1.891	9.454	74.841	3.600	18.000	48.777
3	1.040	5.200	80.041	2.920	14.602	63.379
4	.687	3.433	83.474	2.786	13.931	77.310

5	.535	2.675	86.149	1.768	8.839	86.149
6	.486	2.431	88.580			
7	.320	1.602	90.182			
8	.281	1.404	91.587			
9	.252	1.259	92.845			
10	.215	1.075	93.920			
11	.203	1.015	94.935			
12	.182	.909	95.844			
13	.166	.828	96.672			
14	.134	.670	97.342			
15	.121	.607	97.949			
16	.105	.527	98.476			
17	.103	.514	98.989			
18	.079	.395	99.384			
19	.071	.353	99.737			
20	.053	.263	100.000			

From the above table, it is found that 20 variables are systematically reduced into five meaningful and predominant factors with underlying variable loading. The cumulative variance is found to be 86.149% which is more than the required cumulative variance of 40%. From the exploratory factor analysis, the researcher determined factors of talent management. The analysis revealed that the five factors are derived from 20 variables and those factors have a meaningful grouping of variables. The five factors of talent management are performance appraisal, career development, team management, goal setting and potential appraisal respectively.

After identifying the five factors of the talent management implementation process and five factors of talent management, the researcher computed the total average scores to confirm these factors using confirmatory factor analysis. The confirmatory factor analysis can be carried out through analysis of moments software and its best confirmation can be identified through six fit indices namely chi-square value, P value, comparative fit index, goodness of fit index, normal fit index and the root mean square where of approximation. These six fit indices should satisfy the required benchmark values for the best confirmation of the factors. The results of confirmatory factor analysis using the software along with the diagram are presented below



**Table-5- Model Fit Indices and Bench Marks for Challenges of Talent Management Implementation**

S.NO	Fit indices	Values	Benchmark values
1	Chi-square	9.158	-
2	P-value	0.441	>.05
3	Goodness of fit index(GFI)	0.989	>.9
4	Comparative fit index(CFI)	0.987	>.9
5	Normed fit index(NFI)	0.982	>.9
6	Root Mean Square Error of Approximation(RMSEA)	0.07	<=0.08

From the above table and diagram, it is found that all 6 fit indices satisfy the required benchmark values and confirm the challenges of the talent management implementation process. This also shows that the five challenges are highly responsible for implementing the talent management system in IT companies.

A similar approach of confirmatory factor analysis is applied to the five factors of talent management and obtained the following results.



**Table 6- Indices and Bench Marks for Talent Management**

S.NO	Fit indices	Values	Benchmark values
1	Chi-square	11.853	-
2	P-value	0.543	>.05
3	Goodness of fit index(GFI)	0.990	>.9
4	Comparative fit index(CFI)	0.988	>.9
5	Normed fit index(NFI)	0.986	>.9
6	Root Mean Square Error of Approximation(RMSEA)	0.08	<=0.08

From the above table and diagram of confirmatory factor analysis, it is found that all 6 fit indices satisfy the required benchmark values and confirm the factors of the talent management system. This also shows that the five factors of talent management are highly responsible to determine the talent management system in IT companies.

After identifying and confirming the factors of talent management as well as the challenges of the talent management implementation process, the researcher intended to identify the existence of an intrinsic relationship between these two aspects. Therefore the researcher used linear multiple regression analysis in this scenario of talent management factors as independent variables and challenges of the talent management implementation process as the dependent variables. This revealed that the following results

**Table7 R-Square Value for Challenges of Talent Management**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752 <sup>a</sup>	.566	.559	.605

a. Predictors: (Constant), potential appraisal, goal setting, performance appraisal, career development, team management

From the above table, it is found that R-square values are greater than .3 which implies that the talent management factors can influence the talent management process at more than 30% level. This also validates that talent management strategies are depending upon the factors of talent management practised in IT companies. This is further confirmed through the following two-way analysis of variance

**Table 8-ANOVA For Challenges of Talent Management**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	150.920	5	30.184	82.340	.000 <sup>b</sup>
	Residual	115.838	316	.367		
	Total	266.758	321			

a. Dependent Variable: Challenges of TMI

b. Predictors: (Constant), potential appraisal, goal setting, performance appraisal, career development, team management

From the above table, it is found that the F- value and the p-value are statistically significant at a 5% level and concluded that there is a significant relationship between talent management

factors required for IT companies and their implementation process within the organisation. At this juncture, the researcher intended to identify the individual influence of talent management factors on the challenges of the talent management implementation process

**Table 9-Individual Influences on Challenges of Talent Management**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	7.286	.298		24.462	.000
1 performance appraisal	-1.523	.159	-.973	-9.586	.000
career development	.455	.149	.336	3.062	.002
team management	.673	.162	.470	4.166	.000
goal setting	-.911	.168	-.579	-5.435	.000
potential appraisal	.066	.101	.044	.654	.513

a. Dependent Variable: Challenges of TMI

From the above table, it is found that all the five factors of talent management performance appraisal, career development, team management, goal setting and potential appraisal are highly responsible for the successful implementation of talent management systems in IT companies and also to overcome the challenges of implementation of talent management.

To derive empirical evidence for the third objective regarding the influence of organisational variables on both talent management factors and challenges of the implementation process the researcher applied a one-way analysis of variance by taking designation and service experience are the truly independent variables influencing the talent management factors and their implementation process.

**Table 10. One-Way Analysis Variance for Challenges of Implementation of Talent Management**

Independent variables	Dependent variables	F-value	Sig
Designation	performance appraisal	5.123	.000
Experience	career development	9.547	.000
Designation	team management	8.258	.000

Experience	goal setting	10.357	.000
Designation	potential appraisal	8.367	.000
Experience	transparent communication	9.582	.000
Designation	employee involvement	10.258	.000
Experience	interpersonal relationship	11.597	.000
Designation	team coordination	9.654	.000
Experience	Executive decisions	8.259	.000

From the above table, it is found that both the designation and experience of the employees are very important organisational variables influencing the employee perception towards talent management and challenges of the talent management implementation process. It is found that the employees at the top level strongly agreed that the talent management implementation process is very difficult in IT companies whereas the operational level employees disagree with the existing challenges of implementation of the talent management process. Similarly, the employees in IT companies with more than 15 years of experience strongly agreed with the importance of challenges of the talent management implementation process rather than the employees with less than 10 years of experience.

## 8. Findings and Suggestions

The rigorous analysis and primary data found that talent management is not a unique phenomenon whereas it depends upon several intrinsic and extrinsic factors of human resources development. It is found from the study that lack of interpersonal relationships, employee cooperation, and job involvement are the predominant reasons hampering the implementation of talent management systems in IT companies. Most of the top-level executives in IT companies are not transparent in their full communications which created a difference among the employees in perceiving the notions as well as the importance of talent management system implementation. The top-level executives and IT companies are not able to communicate their implementation process with full transparency.

The lack of transparency spoiled the confidence of the employees. The team management system is very important for all IT companies for the successful implementation of the talent management system. The executive development, goal setting, performance appraisal system and potential appraisal of the employees are aimed to identify the hidden talents among the employees. The employees expect a transparent performance appraisal system and a rational approach and giving wide-scale opportunities for their career development and individual talents. They have the intention to qualify for the next higher job and expect promotions for the successful implementation of talent management. It is concluded from the study that the challenges of the talent management implementation process are highly successful through transparency within the organisation and cooperation of the employees with loyalty towards management.

The findings of the study suggested that IT companies are expected to create talent management implementation strategies in the form of employee retention strategies, rational performance appraisal systems and the potential appraisal system to motivate their employees. Motivated employees must be given appropriate monetary and nonmonetary benefits to show their loyalty to their companies and to extend their full cooperation in implementing the talent management system.

## **9. Limitations of the Study**

The study has its limitations on sample size, employee perception and industrial limitations. The factors of the talent management implementation process are truly about IT companies alone. The study is restricted to the employees of IT companies and their perception towards the required talents for the team IT industry. The study may vary and give different results for different industries. The geographical area and the organisational culture are also considered very important limitations to ascertain the employee's perception towards different talent management factors and their implementation levels.

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