

Talent Management Practices of Select Pharma Companies in Sikkim and their Implications

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Abstract

Right talent is the greatest asset for any organization. Attracting, developing and retaining talent is fundamental to a company in order to be ahead of its competitors. Effective talent management can contribute to building a high performance workplace and identifying as an 'employer of choice'. In this context, there has been much emphasis on talent management in the recent times.

The present study aims to understand talent management practices of pharmaceutical companies in Sikkim. The study also aims to examine the relationship between talent management practices, employee value proposition and employer branding and also to investigate the relationship between talent management and employee engagement. For the purpose of the study, 4 pharma companies in Sikkim are selected based on judgemental sampling. Data were collected on various talent management constructs dealing with Talent Attraction, Talent Development, Talent Retention, Employee Value Proposition, Employer Branding and Employee Engagement through questionnaire from 52 employees working in select pharma companies in Sikkim. The collected data is analysed using mean, correlation analysis through SPSS version 18.

Keywords: Talent Management; Employee Value Proposition; Employer Branding; Employee Engagement; Pharmaceutical Industry; Sikkim.

Introduction

Human capital is one of the critical issues, it seems easy yet complicated when it comes to handle them. Effective talent management can contribute to building a high performance workplace and identifying as an 'employer of choice'. In this context, there has been much emphasis on talent management in the recent times. Starting from companies to institutions almost every sector has become interested in talent management (TM) concept (Lewis & Heckman, 2006; Scullion, Collings, & Caligiuri, 2010). But it doesn't mean that companies are very successful in managing their internal talent. Study

conducted by Joyce & Slocum (2012) emphasize that firms are not being able to "capitalise on the opportunity for strategic success that a talented management team can bring". Literature related to talent management has witnessed endless arguments on whether it is about managing the talent of all employees (inclusive approach of TM) or whether it is about the key performers or high potentials only (exclusive approach of TM) (Iles, Chuai, & Preece, 2010; Iles, Preece, & Chuai, 2010).

In the current study, internal approach of TM is followed as we believe that every single person in the organisation has a unique capability to perform their job which is hard to imitate and tough to replace. Talent management is an integrated set of processes, programs, and cultural norms in an organization designed and implemented to attract, develop, deploy, and retain talent to achieve strategic objectives and meet future business needs (Silzer & Dowell, 2010).

After Information Technology, the industry which encounters the highest level of attrition is pharmaceutical industry. It's one of the largest costs

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Received on 13.06.2018, Accepted on 21.06.2018

in different types of organisations, yet it's also one of the most unknown costs and it's employee turnover (Blake, 2006). At present, Indian Pharmaceutical Industry ranks 3rd globally in terms of volume and 14th in terms of value. Sikkim is home for 21 pharmaceutical companies with significant investments. Within a period of less than a decade the giants of pharma industry such as Sun Pharma, Cipla, Lupin, Glenmark etc. have established their units in this state. Of course, the main attraction is from the benefits provided by North-East Industrial & Investment Promotion Policy (NEIIPP), 2007 [1]. In Sikkim, in addition to high attrition rate, the pharma companies are facing problems to attract the best talent. On the other hand, due to the lack of potential manpower supply these companies are compelled to attract human resources from outside the state. Simply attracting talent won't justify the sound TM praxis in the organisation, Ariss et al. (2014) explained that "a major challenge highlighted in the literature is the failure of organisations to manage talents of their employees effectively, despite of enough care taken to recruit that talent."

Literature Review

The research studies conducted in the area of talent management are reviewed which provide insights into different dimensions of talent management.

Talent Management

Gallardo (2011) tried to summarise the concept of talent in business and discussed the pros & cons of different approaches. It concluded by formulating an overall definition of talent which claim to delimit the concept of this term which avoided the problems uncovered by previous definitions and highlighted the vital variables (knowledge, abilities and competencies) that affect talent. Swailes et al. (2014) explored the possibilities & potentialities of TM as an inclusive approach. The definition of Fully Inclusive TM (FITM) was contextualised in four part typology of TM strategies: i) Positioning inclusive TM; ii) Positive psychology; iii) Capability Approach; iv) Sustainability.

Study concluded by suggesting that if inclusive TM need to be treated as a distinctive aspect for talent and a separate topic for research, then clear conception of the notion of talent is required. Dries et al. (2014) examined three 'tensions'- i) Inclusive vs Exclusive approach to TM; ii) Selection vs Development approach to TM; iii) Standardised vs

Subjective approach to talent identification, derived from literature review on TM. Findings also indicated that using exceptional performance as criteria for talent identification doesn't necessarily imply that only small portion of workforce is to be considered talented.

Heilmann (2010) conducted a study and the results depicted the need for developing new practices for attracting talent and there seems difficulty in transmitting tacit knowledge from retiring talent to new talent in the organisation. Very less efforts on employer branding & recruitment were observed. Garavan et al. (2011) explored the concept of talent development (TD), its scope & issues involved in formulating talent development strategies in organisations. Previous studies were reviewed for the study. Findings identified gap in literature and highlighted issues that can be encountered in talent development, by raising key questions on various dimensions such as defining talent for TD, focus on technical or generic competencies or both. Punia (2004) tried to identify the contemporary challenges of employees' retention & empowerment in ever changing business environment. Study concluded by emphasizing on phenomenon of empowerment which helps in retaining talent of the company. Kocketso & Rust (2012) explored the perceived challenges to T.M in cape town municipality. Qualitative research method was adopted with semi-structured interview with 20 senior managers. Data collected was subjected to content analysis method. Failure to retain key talent, lack of employee recognition, succession planning & management problem were observed to be the challenges.

Talent Engagement

Piansoongnarn et al. (2011) investigated T.M strategies & employee engagement (EE) of Cement companies in Thailand. Data was collected through 350 structured questionnaire & in-depth interview with multi-level employees. Findings revealed 10 factors for retaining talent & 4 factors which can influence EE. Recruitment was emphasized as a most significant process in managing talent and employer branding had high impact on recruitment. Wahba (2015) evaluated critical success factors of talent management leading to employee engagement. The study measured the direct effects of Talent Management Practices (TMP) on General E.E in logistic companies in Egypt. With data collected from employees, factor analysis, correlation, multiple regression and ANOVA were used. Results depicted that TM can predict EE by 93% significantly,

furthermore EE can differ among job levels. Reaching senior levels have an intrinsic impact on one's self-esteem and EE also differs with different years of experience as newly joined employees may have intensity to perceive current company more promising than the old employees.

Employer Branding

Bhatnagar & Srivastava (2008) investigated the process of developing effective employer branding (EB) intervention through a case study. For this purpose literature on employer branding & person-organisation fit were reviewed. For data collection employees having less than eight months of experience in a pharma company of India were interviewed. Findings depicted the need for strong HR & communication strategy for effective employer branding intervention.

Tanwar & Prasad (2016) developed a conceptual framework of antecedents & outcomes of EB based on review of literature. Study conducted qualitative pilot study of an IT firm in India, interviewed 25 employees from three locations of same company. It depicted positive relationship between outcomes of EB (job satisfaction & psychological contract) & employee retention. It also showed positive relationship between EB & organisational commitment which contributes towards development of brand advocacy.

Relationship between Employer Branding, Employee Value Proposition, Employee Engagement & Intention to Stay

Sengupta et al. (2015) tried to develop value proposition framework for internal & external employer branding from work value preferences of Indian workforce. For this purpose data were collected with the help of questionnaire from 302 employees across the sectors. Principal component analysis (PCA) with PROMAX rotation was computed using SPSS 21.0, two-way between-subject designs were also adopted in both two independent MANOVAs.

Findings revealed a six-factor value proposition model for internal employer branding - career potential values, justice values, employee engagement values, feel good values, comfort values, esteem values; and a five-factor value proposition model for external employer branding- image and fundamental values, job structure values, work culture values, reference values, and pride values. These values have also found to be correlated with age. Further research suggested to assess the fit

between employee work values & value proposition as currently offered by Indian employers.

Wallace et al. (2014) tried to identify the changing factors that attract talents & discussed the importance of aligning employer branding with employee branding. Various case studies of renowned organisations were undertaken on EB such as Southwest airlines, McDonalds, Australian Railway Association. Study concluded by stressing on the importance of employee and employer branding for its customer & other stakeholders, it also indicated the consequences for not delivering on companies' employer brand can lead to disengaged & resentful employees, higher turnover and ultimately reduced organisational performance.

Rathee & Sharma (2015) examined the perceived importance of various dimensions of EB by employees & its influence on their attitude towards organisation. For this purpose, 140 employees of three leading private banking organisations in India were chosen and data were collected with the help of questionnaire & personal interviews.

Findings depicted that social, economical, development & reputation factors influence employees' attitude towards company which influences satisfaction, retention & productivity. Study concluded that economic factor is the strongest influencer & corporate reputation as the least influencing factor perceived by the employees.

Objectives of the Study

1. To study talent management practices in select pharma companies in Sikkim
2. To examine the relationship between talent management practices encompassing talent attraction, talent development & talent retention, employee value proposition, employer branding and employee engagement.
3. To examine the relationship between employee engagement and intention to stay.

Hypotheses of the Study

1. There is no significant relationship between talent management practices, employee value proposition, employer branding and employee engagement.
2. There is no significant relationship between employee engagement and intention to stay

Methodology

The present study is descriptive in nature. There are 21 pharma companies in Sikkim ²(including five sister concerns). For the purpose of this study, 4 pharma companies in Sikkim are selected based on judgemental sampling. Data were collected on various talent constructs using primary sources. Primary data was collected using a structured questionnaire from 53 employees working in select pharma companies in Sikkim.

Convenience sampling method was used. Questionnaire is designed for the purpose of the study and it has two sections – Section 1 consists of questions relating to demographic variables and section 2 consists of questions relating to various constructs – Talent Management, Employee Value Proposition, Employer Branding, Employee Engagement and Intention to stay. Talent Management construct has three dimensions – Talent attraction, Talent development and Talent retention. Likert 7 point scale was used in order to know the response of the employees regarding various constructs. The reliability of various constructs is tested using cronbach’s alpha and the results are presented in Table 1.

Results & Discussion

Table 2 depicts that the mean scores of various talent management constructs and EVP, EB are between 3.5 to 4.0 on a scale of 1-7 indicating average level of satisfaction of the respondents with talent attraction, talent development and talent retention practices of the company.

The employee value proposition and employer branding as perceived by the employees is also medium in scale. The employee engagement and intention stay figures are only modest as depicted by mean scores in table 2.

It is observed that there is a need in order to improve TM practices further which in turn would facilitate better EVP and EB leading to more actively engaged employees reducing attrition rate. It is very much required to retain the employees as the cost of employees leaving the company would be very high. The managers should honor the psychological contract with employees so as not to breach their trust, fail to meet their expectations and risk losing valuable workers (Ariss et al. 2014).

The most attracting factors which employees feels about their company at the time of joining was

Table 1: Cronbach’s Alpha Values

Construct/ Dimension	No. of Items	Cronbach’s Alpha Value
Talent Attraction	5	0.832
Talent Development	19	0.963
Learning & Development	6	0.877
Career Management	4	0.891
Succession Planning	4	0.911
Leadership Development	5	0.913
Talent Retention	16	0.942
Performance Management	7	0.918
Work Environment & culture	4	0.782
Reward & Compensation Management	5	0.909
Employee Value Proposition (EVP)	22	0.967
Employer Branding (EE)	8	0.925
Employee Engagement (EE)	12	0.914
Intention to Stay (IS)	3	0.767

Table 2: Mean Scores of Various Talent Management Constructs with EVP, EB & EE

Sl. No.	Variables	Mean Scores
1	Talent Attraction	3.79
2	Talent Development	3.56
3	Talent Retention	3.87
4	EVP	3.96
5	EB	3.85
6	EE	4.31
7	Intention to stay	4.19

working hours & conditions as mentioned in Table 3, followed by salary and career development opportunity provided by the companies. It also depicts the company image in the society as the least bothered factor by the employees.

From table 4, it can be clearly seen that employee engagement and intention to stay are highly correlated (.753**) and the correlation is significant. Hence the null hypothesis that there is no significant relationship between employee engagement and intention to stay is rejected. The more employees are

engaged, they are less likely to leave the organisation.

Table 5 demonstrates that talent attraction is highly correlated with all talent management constructs such as talent development (.807), talent retention (.779), and it is also found to be significantly correlated with employee value proposition (.763), employer branding (.771), and employee engagement (.679). Similarly, talent development found to be highly correlated with employee value proposition (.890), employer branding (.911), and employee engagement (.784). Moreover, talent retention is significantly correlated

Table 3: Factors of attraction

	Factors	Frequency	Percent	Rank
1	Salary	30	56.6	2
2	Career Development	29	54.7	3
3	Working hours & Conditions	33	62.3	1
4	Recognition & reward	11	20.8	8
5	Job Security	21	39.6	6
6	Benefits	23	43.4	5
7	Company image in the society	9	17.0	9
8	Facilities	17	32.1	7
9	Location of the company	26	49.1	4

Table 4: Correlation between Employee engagement and Intention to stay

	Mean Score of EE	Mean Score of Intention to stay
Mean Score of EE Pearson Correlation	1	.753**
Sig. (2-tailed)	.53	.000
N	53	53
Mean Score of Intention to stay Pearson Correlation	.753**	1
Sig. (2-tailed)	.000	.53
N	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5: Correlations

		Mean Score of Talent Attraction	Mean Score of Talent Development	Mean Score of Talent Retention	Mean Score of EVP	Mean Score of EB	Mean Score of EE
Mean Score of Talent Attraction	Pearson Correlation	1	.807**	.779**	.763**	.771**	.679**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53
Mean Score of Talent Development	Pearson Correlation	.807**	1	.884**	.890**	.911**	.784**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53
Mean Score of Talent Retention	Pearson Correlation	.779**	.884**	1	.840**	.907**	.754**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53
Mean Score of EVP	Pearson Correlation	.763**	.890**	.840**	1	.912**	.850**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53
Mean Score of EB	Pearson Correlation	.771**	.911**	.907**	.912**	1	.795**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53
Mean Score of EE	Pearson Correlation	.679**	.784**	.754**	.850**	.795**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
	N	53	53	53	53	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

with employee value proposition (.840), employer branding (.907), and employee engagement (.754). Therefore it can be claimed that talent management practices are positively correlated with employee value proposition, employer branding, and employee engagement of the company.

Conclusion

Sikkim has successfully attracted many giant pharmaceutical companies because of the enormous benefits under NEIIPP (North-East Industrial and Investment Promotion Policy), 2007. But there are many aspects which need to be consider in order to increase the retention rate of employees as well as for the growth of companies. Gap in supply and demand of manpower to the companies, havoc climatic conditions, inadequate infrastructure, etc. are few examples of it. Hence, companies are facing problem in attracting as well as retaining the talent for long run. Talent management is very important for any organisation as they affect employee value proposition, employer branding and employee engagement. When employees are engaged employee retention will be high.

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