

CHAPTER 1

INTRODUCTION

During the 19th century, organisations were governed by various principles of work and pay such as division of labour, piece rate incentive system, time-motion analysis, and Gantt's incentive plans where the sole objective was to get the maximum work done by the employees and remunerate them according to the work done. However, this notion of getting the work done by the employees saw a tremendous change with Elton Mayo's study of Human Relations, now known as Hawthorne studies, which stated that productivity is largely dependent upon the satisfaction of the employees in the workplace. These studies demonstrated that organisations should not only be concerned about the completion of work but should strive towards increasing the level of satisfaction among the employees, which would eventually improve the productivity of the organisation.

As a result, organisations began redirecting their energies to building a culture that involved learning, growth and development in order to increase productivity and provide a greater sense of satisfaction to the employees. Managers also started promoting a participative approach in the organisations that gradually led to the inclusion of employees in managerial roles and the decision-making process. Such practices helped organisations to manifold their productivity and made managers realise the fact that human resources can play an important role in the organisation. Since then, employees were no longer treated as a cost but rather considered as the greatest assets who can add value to the organisation.

Such changes in the thinking style of the managers forced the organisations to transform their practices pertaining to the management of the workforce. Workforce practices in the organisation began involving a strategic approach toward the management of human capital rather than the simple administrative task of hiring and providing compensation to them. Organisations adopted strategic intent in managing employees so as to utilise their potential to the maximum interest and to further add value to the human capital. Such strategic intent enabled organisations to remain competitive in the market for a longer period of time. This not only helps to attain long-term organisational success but also helps employees to align their personal goals with the corporate goals as the

organisation follows various practices such as recruitment and selection, training and development, performance management, compensation, and benefits.

Despite the prevalence of effective Human Resource practices and strategies in organisations, the disruptive forces in the business environment created disequilibrium in the demand and supply of employees in the labour market. This is because the era of the 1990s saw the beginning of globalisation and a shift from the industrial to the informational age. This led both organisations as well as employees to respond and react to the changes that were taking place at that time. Employees understood that in order to remain competitive in the market, they needed to acquire diverse knowledge and skills and, as a result, they began exploring various jobs. The rising notion of switching jobs among the employees to gain a diverse skill set created immense difficulties for the organisation in managing and retaining employees. Organisations were facing an acute shortage of labour and also could not retain the existing employees for a longer period of time. Such widespread changes in the business environment created disequilibrium in the labour market, where there was a high demand for competent and talented employees and insufficient supply in return. As a result, organisations started to lure high calibre or talented employees from their competitors in order to survive by offering attractive packages along with career growth. This scenario in the labour market where the organisations were struggling among themselves to attract the most talented employees was labelled as ‘the war of talent’ by McKinsey & Company in 1997. It was stated that organisations could only achieve exceptional performance and competitive advantage by identifying and retaining the right talent in the organisations (Michaels et al., 2001). Therefore, organisations focussed on practices that aimed to provide greater financial rewards, a sense of meaningful work, and career growth to talented employees in order to attract and retain them.

Susceptible forces such as the changing demography, mobility of the workers, globalisation, and the demand for a knowledge-based economy contributed to the rise in the practice of Talent Management within organisations. These changing patterns in the labour market forced organisations to enter into a war-like situation and fight for the most critical asset, i.e., talent. As organisations continued to operate in global, competitive, and volatile business environment conditions, recruiting and managing talent became one of the most significant challenges for organisations. The need for Talent Management

gradually became real in the workplace and the situation picked up momentum in the early 2000s when organisations began incorporating a talent-centric mind-set into their work culture. Business strategies were formulated to carefully assess, develop, and value employee propositions in order to retain talent for a longer period of time. Considering talent as the most critical resource in the organisation has helped organisations to achieve superior performance and competitive advantage. This not only benefitted the organisations in retaining talented employees but also helped such employees in drawing sincere attention of their managers towards their personal growth and career development. Therefore, organisations began practising Talent Management, which involved careful identification, development, and retention of talent.

1.1 Concept of Talent

The important element in the practice of Talent Management is the ‘talent’ itself. However, the term ‘talent’ has been an evolving concept since its inception, and the meaning has transformed with change in time and people (Tansley, 2011). The meaning of the term has been captured from three different contexts, i.e., ancient and contemporary dictionaries, old and new English Bible, and meaning in different centuries. The term was first traced from the dictionary that refers to the denomination of weight used in ancient times, which was later transformed to represent a monetary unit. However, in the present contemporary dictionary, talent denotes the natural or innate ability of a person to do something well (Horner, 2017). Further, from the context of the old English Bible, talent was used with reference to the ability of a person, whereas it was later used interchangeably for capital in the new version. The meaning of talent has also evolved with time from meaning inclination or disposition in the 13th century, to wealth, intelligence, and inborn abilities between the 15th and 17th centuries, and later as an ability embodied in an individual in the 19th century. In short, the term, which was originally used as a unit of measurement, has evolved to finally mean the characteristics of an individual and refer to the unique skills and abilities of an individual.

The widespread usage of the word ‘talent’ and the acute scarcity of employees also triggered organisations to incorporate a new field called Talent Management where talent refers to the human capital that is both valuable and unique for the organisation (Dries, 2013; De Vos & Dries, 2013). Talent in organisations has been defined by taking into account various theories, which are derived from different fields of study such as HRM,

Industrial-Organisational Psychology, Educational Psychology, Vocational Psychology, Positive Psychology, and Social Psychology (Dries, 2013). These theories have been briefly summarised, which classifies the definition of talent into five dimensions, i.e., object-subject, inclusive-exclusive, innate-acquired, input-output, and transferable-context. These are discussed below.

1.1.1 Object-Subject Perspective

The first dimension relates to what or who should be considered a talent. The *object* perspective states that the characteristics of individuals such as natural ability, mastery, commitment, and fit with the job should be considered as talent whereas the *subject* perspective states that individuals themselves should be considered as talent for the organisation (Gallardo-Gallardo et al., 2013). The characteristics in the *object* perspective refer to the “sum of a person’s abilities—his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character, and drive, which also includes the ability to further learn and grow” (Michaels et al., 2001), and therefore, talent is defined as the “complex amalgamation of employees’ skills, knowledge, cognitive ability, and potential” under *object* perspective (Tansley et al., 2007). Such natural abilities of the individual are seen as a gift or blessings from the field of Educational Psychology, and therefore, Gagné (2004) defines talent as a person who not only possesses such giftedness or natural abilities but also applies the same in some domains to such an extent that it places them at the top 10% of their age peers. Also, an individual can outperform in an organisation by putting exceptional effort and mastering this natural ability through experience and exposure (Pfeffer & Sutton, 2006). Therefore, organisations consider talents as those who can demonstrate measurable and consistent superior performance (Ericsson et al., 2007).

Under this *object* perspective, the efforts exerted by an individual also relate to the defining characteristics such as commitment, competence, and contribution of a talent (Ulrich & Smallwood, 2012). As a result, talent is considered a multidimensional and interrelated construct that comprises abilities and intrapersonal characteristics like motivation, commitment, perseverance, will, passion, and drive for excellence in an organisation (Thunnissen & Van Arensbergen, 2015). Abilities, either gifted or acquired, must reflect a fit within the context of the organisation because every organisation has different goals to achieve and require different capabilities. Characteristics that define

talent in a particular organisation or industry may not necessarily imply the same for others, and hence, individuals who outperform in one domain may struggle elsewhere (Coulson-Thomas, 2012). The *object* perspective, therefore, states that talent must be viewed in the totality of abilities, motivation, and opportunities to work in an organisation (Boxall & Purcell, 2003; Boselie et al., 2005). On the other hand, the *subject* perspective views talent as a euphemism for ‘people’ in the organisation (Lewis & Heckman, 2006). The people are the most important asset of an organisation and are, hence, labelled as talent (Ashton & Morton, 2005). This *subject* perspective of talent is further classified into another dimension of inclusive and exclusive.

1.1.2 Inclusive-Exclusive Perspective

The subject view of talent leads to another dimension, i.e., if people are to be considered as talent for the organisation, then which individuals in the organisation qualify as talent? Such a viewpoint led to the birth of the *inclusive-exclusive* perspective of talent. The *inclusive* perspective states that all individuals in an organisation are talents, whereas the *exclusive* perspective views only high-performers and high-potential employees in the organisation as talents. There are certain organisations where each and every employee has a certain niche that contributes to the unique value creation of the organisation (Buckingham & Vosburgh, 2001). For such organisations, talent refers to the entire population of the employees (Silzer & Dowell, 2010). It has been stated that an organisation can derive success only when it considers all employees as talents and captures their value and uniqueness (O'Reilly & Pfeffer, 2000). However, in reality, it is difficult to identify the uniqueness or niche of each and every employee, and also, such niche may or may not add value to the organisation.

On the contrary, the *exclusive* perspective considers talent as “those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer-term by demonstrating the highest levels of potential” (Tansley et al., 2007). Talents under this viewpoint are often seen as those who are “the best of class” (Smart, 2005), “the best and the brightest” (Robertson & Abbey, 2003) and top the ranks of capability and performance (Stahl et al., 2007). Silzer and Dowell (2010) has defined talent under the *exclusive* perspective as “a pool of employees who are exceptional in their skills and abilities either in a specific technical area (such as software graphics skills) or a competency (such a consumer marketing talent), or a more general area

(such as general managers or high-potential talent)". In the words of William (2000), "Talent are those individuals who not only showcase exceptional abilities but are also able to perform various tasks for the organisation on a regular basis". Because of the superior performance, talents are also called the 'star players' or the 'A Players' (Becker et al., 2009). It is not only the performance of the employee in the organisation that dictates the definition of talent but due consideration is also given to the potential employees in the *exclusive* perspective whom the organisation believe to be a source of competitive advantage. High potential employees not only possess the ability to outperform various tasks but exhibit positive behaviours and remain consistent for their further growth, development, and success (Ready et al., 2010). Therefore, talent under the *exclusive* perspective is defined as an individual who showcases both higher performance and higher potential (Horváthová & Davidová, 2012).

1.1.3 Innate-Acquired Perspective

The object perspective states that the characteristics of the individual are considered in defining talent. However, this perspective raises another consideration or dimension relating to the definition of talent as to whether these characteristics are inborn and *innate*, or they can be learnt, *acquired*, and developed over time. The Longman Dictionary of Contemporary English refers talent to as "a natural ability to do something well". In European countries, for instance, in the German language, talent refers to the innate disposition to achieve excellent results in a particular domain (Tansley, 2011). Organisations in these countries define talent as a natural ability or giftedness of a person that is scarce and genetically determined. This perspective views talent as natural and inborn abilities of an individual, which only a handful of people (i.e., 10%) in an organisation possess (Gagne, 2004). These few people possess a rare combination of intelligence, personality, and motivation and are, therefore, referred to as talent in an organisation (DeLong & Vijayaraghavan, 2003). Similarly, Buckingham and Vosburgh (2001) also considers talent as "a person's recurring pattern of thought, feeling, or behaviour that can be productively applied".

However, there are differences in the definition of the term 'talent' across languages and organisations operating in different countries adopt a different perspective of talent. Non-European countries like Japan set talent aside from the innate abilities of an individual and view it as abilities that can be accomplished from hard work and experience gained

over years by focussing on perfection (Tansley, 2011). Pfeffer and Sutton (2006) stated that “even allegedly inherited abilities—like IQ and other ‘smartness’ measures—improve markedly and continuously when people work hard, have good coaching, and believe they will keep getting better”. In this *acquired* perspective, there is a firm conviction that even the innate abilities of an individual can be developed systematically (Nijs et al., 2014). However, in reality, organisations usually refrain from defining talent from this *innate-acquired* perspective and follow a pragmatic definition of talent (Silzer & Dowell, 2010).

1.1.4 Input-Output Perspective

The fourth dimension with regard to the definition of talent is based on the *input-output* perspective of employees. ‘Input’ in simple words means the efforts put in by the employees and ‘output’ refers to the outcomes that are produced as a result. Therefore, the *input* perspective views those employees as talents who put in a lot of effort and contribute towards achieving motivation, ambition, and career orientation (Dries, 2013). Talent is viewed in connection to perseverance, motivation, and passion under the *input* perspective of talent (Weiss & Mackay, 2009). Similarly, an individual is considered as talented when they persevere in something that they love to do (Pruis, 2011). In other words, talent under the *input* perspective is described in terms of motivation, commitment, and passion (Ulrich, 2007; Nijs et al., 2014; Thunnissen & Van Arensbergen, 2015). On the other hand, those employees who generate outcomes such as superior performance, higher achievement, and excellent results are referred to as talent based on the *output* perspective (Dries, 2013). This perspective defines talent as high performers and high achievers in the organisation (Tansley et al., 2007; Becker et al., 2009; Silzer & Dowell, 2010).

1.1.5 Transferable-Context Perspective

The fifth dimension views talent as a quality that is dependent on the environment in which an organisation operates. This quality of talent can either remain the same under different situations that can be easily *transferred* or can remain rigid that is dependent only on the *context* of a particular situation. Those employees who can outperform, irrespective of the context of the task, the organisation in which they work, and under any business scenario are referred to as talent under the *transferable* perspective (Dries, 2013). On the other hand, those employees who can outperform only in a limited number of tasks or in a certain organisation are referred to as talent under the *context* perspective (Dries, 2013).

However, talent is not always transferable or dependent on the working environment of the organisation. This is why when a star performer from an existing organisation is hired by a new organisation, the performance doesn't remain consistent even after a year of recruitment because of the misfit with the working environment.

These five dimensions, i.e., *object-subject*, *inclusive-exclusive*, *innate-acquired*, *input-output*, and *transferable-context* view the term talent differently and, as a result, there is no fixed definition or consensus regarding the definition of organisational talent. Every organisation is different in its values, beliefs, and operations, and so, the organisation can adopt any of the perspectives or a combination of these perspectives in defining talent for their organisation. Organisations define talent that is specific to its nature of work, type of industry, strategic intent, business environment, and various socio-cultural factors in which it operates (Barab & Plucker, 2002; Iles, Chuai & Preece, 2010; Tansley, 2011). Therefore, for the effective and efficient management of talent, it is essential that every organisation define talent keeping in mind the various factors with which it operates.

1.2 Concept of Talent Management

1.2.1 Definition of Talent Management

The conceptual beginning of Talent Management is evident from the year 1865 (Simonton, 2011). However, TM has gained practical relevance only in 1997 when McKinsey & Company coined the term 'war of talent' (Michaels et al., 2001). Despite the growing popularity and importance of Talent Management, the concept has remained unclear for a very long time (Collings & Mellahi, 2009). This is because several authors have analysed TM from different perspectives, and there is no unity in the direction of its meaning or scope (Ashton & Morton, 2005; Vaiman & Collings, 2013). In the due course of time, the practice of TM has evolved towards more static and concrete terms and so has the definition of Talent Management. The definition of Talent Management revolves around the basic or generic HR practices of attracting, developing, and retaining employees but with a specific focus on the management of high-performing and high-potential employees along with identifying strategic positions in the organisation. This section aims to map some of the prominent definitions of Talent Management that have been widely used in the literature.

Lewis and Heckman (2006) demonstrates three thoughts regarding TM. First, TM is a collection of typical human resource management practices (recruiting, selection, development, and career and succession management), which does so at a fast pace across the enterprise. Second, TM identifies the staffing requirements and manages the positions in an enterprise by creating a pool of talent. Third, TM, in general, focuses on managing and placing talent everywhere, irrespective of the organisational boundaries or specific positions. However, this definition of TM was later criticised as it ignores the strategic importance of undertaking TM practices. Moreover, placing A-performers/talented employees in all job positions in the organisation is not a feasible technique (Collings & Mellahi, 2009).

Collings and Mellahi (2009) then emphasised the strategic importance of critical key positions in the organisations that lead to competitive advantage and added a new dimension to the definition of TM by highlighting the importance of adopting differentiated HR practices for the talents placed in the critical key positions so as to ensure their commitment towards such key job positions in an organisation. In the words of Collings and Mellahi (2009), TM is defined as:

“activities and processes that involve the systematic identification of key positions, which differentially contribute to the organisation’s sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation”

TM should not only be concerned about placing employees with specialised skills and knowledge in pivotal positions but should equally focus on developing and retaining them. In this regard, TM refers to an “organisation’s efforts to attract, select, develop and retain talented key employees” (Stahl et al., 2007) or it can be defined as a “systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organisation” (CIPD, 2008). Also, strategies adopted for TM should not simply focus on only one HR activity but on a range of practices. Therefore, Silzer and Dowell (2010) suggest that TM is an “integrated set of processes, programs, and cultural norms in an organisation designed and implemented to attract, develop, deploy, and retain talent to achieve strategic objectives

and meet future business needs”. Developing and retaining talented employees not just improve the organisation’s performance but also affect employees’ outcomes in a positive manner. Hence, TM can be considered as “a distinctive process that focuses explicitly on those persons who have the potential to provide a competitive advantage for a company by managing those people in an effective and efficient way and therefore ensuring the long-term competitiveness of a company” (Bethke-Langenegger et al., 2011).

In a systematic review of research on the definition of TM from 2006 to 2014, Gallardo-Gallardo and Thunnissen (2016) proposed a comprehensive definition of TM as

“Talent Management is aimed at the systematic attraction, identification, development, engagement/retention and deployment of high-potential and high-performing employees, to fill in key positions which have significant influence on organization’s sustainable competitive advantage”

Thus the underlying thrust of TM is, firstly, to contribute to sustainable organisational performance; secondly, to understand the job positions in which the human capital adds value to the organisation; thirdly, to examine the talent or individual’s contribution to the organisational performance and finally maximising the contribution of such talent through alternative practices that are qualitatively different from the regular HR practices (McDonnell et al., 2017). Therefore, TM can be understood as a practice that aims to identify and attract, train and develop, and retain those talented employees who occupy critical key positions in the organisation in order to enable sustainable competitive advantage for the organisation.

1.2.2 Talent Management Practices

In defining the concept of TM, scholars have mostly focussed on the activities and process of attracting, identifying, developing, and retaining employees in key positions that not only create value for the organisation but also ensure strategic sustainable success. Considerable focus has been on the TM literature towards the practices such as identification, development, and retention of talent.

i. Talent Identification

Strategic intent should be the focus of TM practices in the organisation, which is quoted as “Put Strategy, Not People, First” (Becker et al., 2009). Subsequently, organisations first make an analysis of those roles or job positions that can significantly impact the overall organisational performance (Boudreau & Ramstad, 2007). Organisations follow a portfolio approach where they classify and distinguish strategic jobs as A positions; support and ancillary jobs as B positions; and those jobs that can be outsourced or eliminated as C positions. After classifying jobs into various positions, organisations aim to place talented or A Players in these critical job positions. These A Players are either attracted or hired through external recruitment or identified from the pool of talent within the organisation (Meyers et al., 2013). This prompts TM practitioners to decide whether to ‘buy’ or ‘make’ talent for the strategic roles in the organisation (Cappelli, 2008; Collings & Mellahi, 2009; Stahl et al., 2012). When talent is attracted externally, organisations clearly lay down the talent definition and the assessment criteria (Bolander et al., 2017). However, sometimes the past learning experience of an assessee (Meyers et al., 2013) and the personal judgment of the assessor may influence the selection process of the candidate (Nijs et al., 2014). On the other hand, when talent is to be identified internally, TM practices include talent reviews and succession planning (Avedon & Scholes, 2010). Identification of talent from within the organisation involves the assessment of various input-output factors such as motivation, cultural fit, past performance, etc., (Silzer & Church, 2010; Mäkelä et al., 2010; Meyers et al., 2013; Bolander et al., 2017).

ii. Talent Development

Successful identification of talented employees is followed by training and development to enhance their competency and to reflect a better fit between their capabilities and the needs of the organisation. Talented employees possess certain skills and competencies, which help them to perform their roles and duties in the organisation. Organisations make an assessment of their competencies not only during the interview and selection stage but at regular intervals through the performance management system, leadership assessment, multi-rater feedback system, and engagement surveys to ensure that these talented employees respond effectively to the changing requirements of the job in the dynamic environment (Avedon & Scholes, 2010; Mensah, 2015). After placing talented employees in critical key positions, organisations continuously aim to assess and broaden

these skills through competency training and development (CIPD 2006). Competency training focuses on enhancing organisation-specific skills for the current job role whereas talent development activities help to build future skills that may be required for the accomplishment of future goals (Jayaraman et al., 2018). Organisations incur competency-based training and development activities, which are different from the simple training and development activities undertaken for the average employees in the organisation. Activities such as program-based learning, challenging assignments, global rotations, leadership, or management development programmes are undertaken for enhancing and developing the competencies of the identified talent (Yost & Chang, 2009; Anlesinya et al., 2019).

iii. Talent Retention

Talent identification and talent development efforts will be a complete waste if the organisation is unable to retain its talent. For instance, challenging assignments given to talented employees as a part of talent development practice may sometimes overburden the individual who might want to quit and leave the organisation. Organisations must provide support and retain such talented individuals not only through effective compensation and reward management but by providing work-life balance, flexible working hours, and promotion and career advancement opportunities (Anlesinya et al., 2019). Talent may tend to leave the organisation if they view no career success and career growth in their current job (Jayaraman et al., 2018; De Vos & Dries, 2013). In global and competitive business conditions, talented employees have the option of picking the employer for themselves who can offer them the best pay, work, and work-life balance (Mensah, 2015). Organisations, therefore, must focus on the employee value proposition and strive to create a strong employer brand that not only reduces talent turnover but also ensures loyalty from them (Stahl et al., 2007; Stahl et al., 2012; Meyers et al., 2013; Thunnissen et al., 2013). Today, talent retention is considered one of the most integral and challenging parts of the TM process because, despite effective talent retention efforts, some organisations still face immense difficulty in retaining the right talent in the organisation (Vaiman et al., 2012; Schuler et al., 2011; Tarique & Schuler, 2010).

Thus, TM is a process that includes practices relating to the identification and attraction of talent, competency-based training and development of talent, and finally, retaining talent so as to enable the organisation to attain sustainable strategic success and have a competitive edge over its competitors.

1.2.3 Talent Management Approaches

Academicians and practitioners, over time, have implemented Talent Management practices in organisations with two different styles or approaches. These styles are the subjective evaluation in the organisation with respect to what or who is talented. Depending on the evaluation, these two approaches, i.e., inclusive and exclusive approaches, adopt different meanings, strategies, and practices and combine opportunities as well as threats for the organisations. These two broad approaches to Talent Management practices are discussed below.

i. Inclusive Approach to Talent Management

The inclusive approach to TM advocates that every individual is embodied with some talent and, therefore, every employee in the organisation must be considered as talented (Peters, 2006). This belief arises from the theory of positive psychology, which suggests that organisations should only focus on the positive side of an individual. Consequently, organisations that follow this approach adopt strength-based Talent Management practices, which signify that an organisation must identify the natural talent of all individuals and align such natural talent with the requirements of the job (Dries, 2013). As the name suggests, this principle states that every employee has certain strengths, and efforts should be made to realise the strength of every individual for creating value and generating profits in the organisation.

Treating all employees in an egalitarian manner gives rise to Mark Effect. This means that considering all employees as talented and providing equal access to both opportunities as well as resources create a working environment where all employees are happy, motivated, and engaged (Peterson & Seligman, 2004). In other words, this approach builds a working environment that boosts openness, trust, and overall employee wellbeing (Warren, 2006). Therefore, the inclusive approach to TM focusses on, firstly, identifying and understanding the strength of every individual, secondly, matching the tasks and job positions with such strengths of an individual, and finally, further developing these strengths to suit the company-specific skills and needs.

Apart from the advantages that the inclusive approach to TM offers, this practice is highly criticised. Firstly, the critiques argue that if everybody in the organisation is talented, then there is no difference between Talent Management and HRM (Chuai et al., 2008).

Both then simply involve activities pertaining to recruitment, training, development, and retention. Secondly, the practice of ignoring weakness and overbuilding only on the strengths of an individual can actually be harmful to the growth of an organisation. This is because, on one hand, there might be a scarcity of workers with technical or specialised knowledge and skills, and on the other hand, employees with such proficiency may tend to leave the organisation because they might feel that they are not treated as special and important by the organisation (Meyers & van Woerkom, 2014). Thirdly, the practice of identifying individual talent and developing each and every employee in the organisation requires huge investment in terms of time, money, and effort (Gallardo-Gallardo et al., 2013). Organisations cannot afford to allocate their limited budget equally toward all employees in the organisation without accessing its cost-benefit ratio. It might also be possible that such individual talent or capabilities may not prove beneficial to the organisation in attaining its goals.

ii. Exclusive Approach to Talent Management

In the exclusive approach to TM, organisations consider high performers and high-potential employees as talented. This is because these employees display exceptional abilities, achieve intended results, and showcase behaviours that are different from the regular employees (Pepermans et al., 2003). The employees who are neither part of high-performing nor high-potential categories are considered non-talented employees, non-high-potential employees, B players, or average performers, which means that they are inferior in some ways (Painter-Morland et al., 2019). In this approach, organisations adopt the principle of workforce discrimination and segment employees into different groups on the basis of their performance and then follow differentiated HR techniques. Organisations extensively focus on the development and retention activities of such talented employees in order to fulfil the ultimate goal of achieving sustainability. Those employees who can be easily replaced or substituted do not grab much of the organisational attention.

Practitioners widely use the exclusive approach to TM in managing and retaining talents for their organisation (Ready et al., 2010). Also, the academicians suggest organisations follow the exclusive approach to TM because it offers many advantages. Firstly, by segmenting the workforce, organisations are able to invest most of their resources in the growth, development, and retention of talented employees. Moreover, in return, these talented employees guarantee maximum benefits to the organisation. This is

also known as the Matthew Effect, which implies that the organisation can generate high returns by investing in the most promising employees of their organisation (Gallardo-Gallardo et al., 2013). Secondly, disproportionate allocation of resources actually helps the organisations to enjoy a sustainable competitive advantage and faster strategic success (Daubner-Siva et al., 2017). Thirdly, it gives rise to the Pygmalion Effect where high expectations of the managers actually induce talented employees to perform better and achieve positive outcomes such as motivation, self-esteem, etc., (Dries, 2013; Gallardo-Gallardo et al., 2013; Colling & Mellahi, 2009). Similar beliefs and expectations by the average employees can also give rise to self-fulfilling prophecies and actually lead to high performances. Lastly, the privileges given to talented employees can also motivate the average employees to either perform better or leave the organisation, and in both situations, it benefits the organisation to build a high-performing organisational culture. In this process, average employees are also motivated to perform better than others and develop the required skill that the organisation values (Höglund, 2012).

Despite the widely practised approach to TM, it is not free from drawbacks. Firstly, contrary to the Pygmalion Effect of boosting the performance of talented employees, the Golem Effect may lead to adverse consequences for non-talented employees. The managers in the organisation have the least expectations from non-talented employees and, thus, invest a scarce amount of resources in the growth and development of such employees. The Golem Effect explains that because the managers place lower expectations upon non-talented employees, it severely affects their level of performance in the organisation (Daubner-Siva et al., 2017; Sumelius et al., 2020). Secondly, disproportionate investment in the employees may hamper the motivation, loyalty, teamwork, and morality of employees in an organisation (Swales, 2013). Thirdly, expecting too high from talented employees can lead to the fear of failure and negative outcomes such as stress and burnout (Malik & Singh, 2018). To summarise the approaches to TM, the researcher has compiled Table 1.1, which gives an overview of the differences between the two approaches with respect to the definition of talent, underlying principles, goals, basic assumptions, practices, advantages, and disadvantages.

Table 1.1: Differences between Inclusive and Exclusive approaches

Basis	Inclusive	Exclusive
Who is Talent?	All employees	High-performing and high-potential employees
Assumption for Talent	Talent is universal	Talent is rare
Talent Culture	Egalitarian	Elitist
Principle	Positive Psychology and Strength-Based Principle	Workforce Differentiation and Segmentation
Talent Management Practice	Deploying strength and increasing job fit	Potential development
Talent Management Goal	Profit	Sustainability
Advantages	<ul style="list-style-type: none"> • Congenial work environment • Positive employee-level outcomes such as motivation, commitment, and well-being 	<ul style="list-style-type: none"> • Meeting the shortage of supply of labour and winning the ‘war of talent’ • Achieving sustainable competitive advantage and strategic success • Strategically allocating an organisation’s limited resources • Optimising the return from the investment in talented employees • Lead to positive outcomes from talented employees and also motivate non-talented employees to perform better
Disadvantages	<ul style="list-style-type: none"> • Ignores the main difference between HRM and TM • Difficulty in retaining technical and knowledgeable employees • Wastage of money, time, and efforts by unnecessary investment in the development of strength of all employees that may not be productive for the organisation. 	<ul style="list-style-type: none"> • May evoke negative outcomes such as stress, burnout from over expectations from talented employees • High possibility of negative effects from non-talented employees • Issues pertaining to business ethics

1.2.4 Human Resource Management V/S Talent Management

The initial developmental stage of the field of Talent Management has gained widespread attention from academicians because of its scope and applicability. There was divergent thinking among the scholars as some considered Talent Management (TM) different from Human Resource Management (HRM) whereas some considered Talent Management as a new term for HRM and labelled it as old wine in a new bottle. After years of significant discussions and research, it was summarised that Talent Management is a practice that has originally derived its root from HRM but it differs in its extent and applicability (Dattagupta, 2005; CIPD, 2007). In simple terms, HRM is basically concerned with maintaining employment relationships and having a suitable match between people and work in an organisation (Boxall & Purcell, 2011). However, with the evolving dynamics of the market, organisations were obligated to think beyond maintaining these employment relationships and develop a strategy with which organisations could fulfil their goals with limited resources. This gave birth to the strategic intent in the meaning of various Human Resource practices and brought a paradigm change, which led to the replacement of HRM with Strategic Human Resource Management (SHRM). Strategic Human Resource Management is defined as aligning HR practices with the strategic needs of an organisation to deliver intended results and achieve organisational goals (Armstrong, 2011). On the other hand, TM is a part of SHRM and can be defined as a practice that aims to identify, develop, and retain high-potential and high-performing employees so as to attain competitive advantage and strategic success. As Talent Management involves identifying strategic job positions, adopting strategic choices, and evolving strategies into actions, therefore, Talent Management is sometimes also known as Strategic Talent Management (Johnson et al., 2005). However, Talent Management even surpasses SHRM as it adds real value to the organisation by not only developing high potential talent to become better but also ensuring that talent remains productive in the long run by extending their capabilities to acquire new skills (Makram et al., 2017).

Talent Management and HRM both share the same fundamental principle, i.e., fitting the right people in the right job positions in order to achieve individual as well as organisational objectives. Because of this underlying principle many academicians and practitioners, until the late 2000s, labelled TM as a fashion term and considered old HR practices disguised under the term TM. Today, Talent Management is considered over and

beyond the HR process that involves hiring, training, rewarding, and planning successor to incorporate a HR system that focuses on the status of talent and differentiation practices (Sparrow, 2021).

Many points of difference have been noted in the literature between the two practices, which make them unique. Firstly, the focus of TM is selective and limited to just valuable people or the pool of talent characterised as high-performing and high-potential employees whereas HRM focuses on the management of all employees in an organisation (Chunai et al., 2008; Iles et al., 2010). Secondly, TM views the needs of employees differently with differences in their performance and potential (Haung & Tansley, 2012; Gelens et al., 2013). Organisations allocate a large portion of their resources to their core employees first, thereby promoting the practice of elitism under TM as against HRM where every employee has equal access to the organisation's resources, and egalitarianism prevails in the organisation (Colling & Mellahi, 2009; Iles et al., 2010; Dries, 2013). Thirdly, TM lay emphasises the premise that the workforce should be segmented and employees must be treated differently on the basis of their performance, potential, and core competencies (Chunai et al., 2008; Colling & Mellahi, 2009). Contrary to this, HRM considers all employees as an asset with similar potential and capabilities. Lastly, TM programmes are implemented as a result of the external drive of competition and are designed by the HR professionals in consultation with the top management (Chunai et al., 2008). Participants are usually high-potential employees who are selected after psychometric tests, executive mentoring, confidential counselling, and support. Whereas on the other hand, HRM programmes are implemented because of the internal drive of maintaining employment relationships and are rolled out by the HR division and line managers for all employees in the organisation (Swales, 2013).

Though TM emerges from the broad field of HRM, the two practices are quite different in their focus, principles, scope, applicability and implementation. In an essence, TM practices focus on core, valuable, talented employees in the organisations and involve taking strategic decisions about their recruitment, training, development, and more essentially, retaining them with the organisation. However, HRM takes care of all employees and promotes an egalitarian culture in the organisation. The principle of elitism under the practice of TM is considered advantageous to organisations as it involves

avoiding unnecessary costs and putting the organisation's limited resources to optimum use by investing in the right employees (Gelens et al., 2013).

1.3 Concept of Attitude

Rosenberg and Hovland (1960) define the term attitude as a “learned predisposition to respond in a consistent evaluative manner toward an object or class of objects”. This evaluative response can be both positive and negative, favourable and unfavourable, or desirable and undesirable. In simple words, an individual can showcase a favourable response towards certain ideas or objects in case they possess a pro attitude towards it or may showcase an unfavourable response in case of an anti attitude (Ostrom, 1969). Further, attitude can be classified into three components, i.e., affective, behavioural, and cognitive components, which is also known as the ABC model (Hilgard, 1980).

- **Affective:** The affective component of attitude determines how one feels about something. It is an emotional response and a gut reaction that one may have toward certain objects or events. Such a reaction generates because of past memories or experiences, which largely determine the feelings of an individual. For instance, good or bad experiences with certain animals will generate positive or negative attitudes toward them.
- **Behavioural:** This component of attitude consists of actions or observable responses. This component suggests the intention of the individuals and how they behave when exposed to the object. For example, one may scream or run away after seeing a snake. These actions of running or screaming are considered behavioural elements.
- **Cognitive:** The cognitive component of attitude deals with the thinking of an individual. It represents the thoughts, knowledge, and beliefs an individual has about the object. For instance, the behaviour of running away from snakes is because of the belief that snakes are dangerous.

The attitude of an individual is studied keeping in mind all the three components discussed above so as to determine how an individual feel, thinks, and behaves toward the situation.

1.4 Hospitality and Tourism Industry

1.4.1 Nature of Hospitality and Tourism Industry

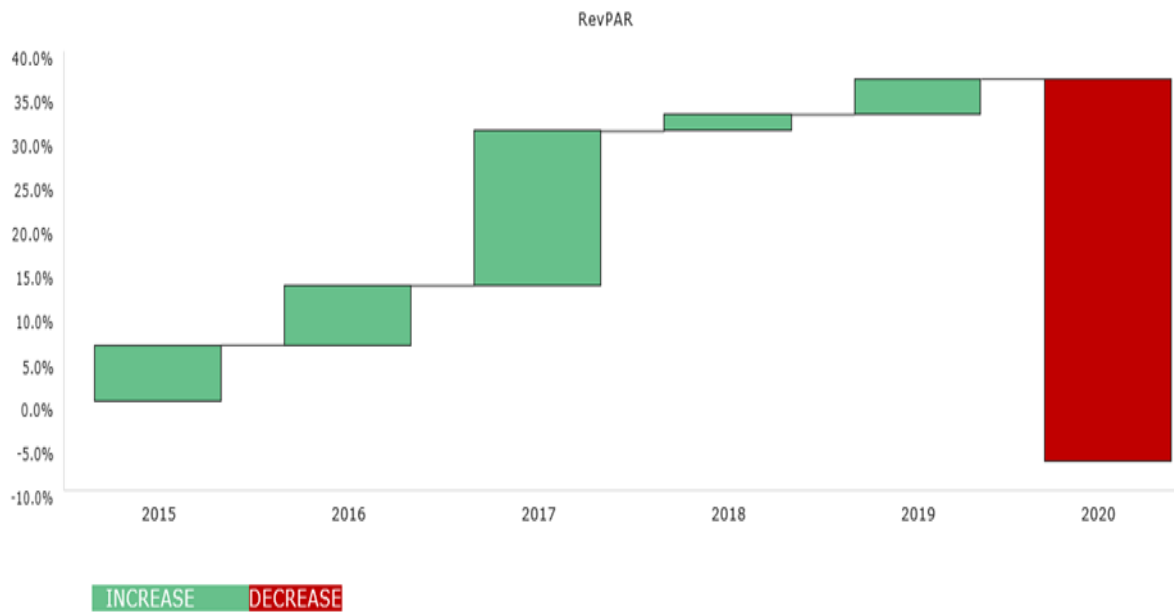
The unique and competitive nature of the hospitality and tourism industry clearly distinguishes it from the other industries in the economy (Singal, 2015). This industry is different not only in terms of its financial capacity but also in the strategic management of its human resource. The hospitality and tourism industry requires a large amount of capital to be invested in its fixed assets like land and building (Reich, 1993). The requirement of such higher investment in its fixed assets leads to higher leveraging ratios than in any other industry. Specifically, this leveraging ratio for the hotel sector can range from 49% and go high up to 65% (Andrew et al., 2006). Despite the high intensity of capital requirement and high leverage ratios, this industry is quite sensitive and risky in financial terms as well. The seasonal demand and perishable nature of the industry increase the operational risks and uncertainty in its services. Another prominent feature of the hospitality and tourism industry is that it is extensively human-centric and is dependent on its employees as a medium of providing quality services, ensuring customer satisfaction, and enhancing organisational performance. However, the presence of high capital intensity, high leverage ratio, and high operating and financial risks directly interfere with the strategic management of different organisations in the hospitality and tourism industry (Guillet & Mattila, 2010; Singal, 2015). Since, one of the important strategic decisions involves managing employees in these organisations (Jauhari & Rishi, 2012), managing employees in the hospitality and tourism industry is of utmost importance. This is because managing human resources not only helps organisations tackle the threats but also harness business opportunities.

1.4.2 Market Overview of the Hotel Industry in India

The hospitality and tourism industry comprises three different service sectors namely accommodation/hotel, food and beverage restaurants, and travel and tourism, which together accounts for 7.5% of India's total GDP. This is one of the oldest industries that not only contributes to the growth of the economy but also provides the highest employment. The hospitality and tourism industry in India together created 39 million jobs in the Financial Year 2020-21, which accounted for 8% of the total employment, and further, it is projected that this industry will provide 53 million jobs by the end of 2029. According to an IBEF report, the Indian hotel market was estimated at USD 32 billion in

Financial Year 2020 and is expected to reach USD 52 billion by the end of Financial Year 2027-28.

Figure 1.1: RevPAR growth of the Hotel Industry in India



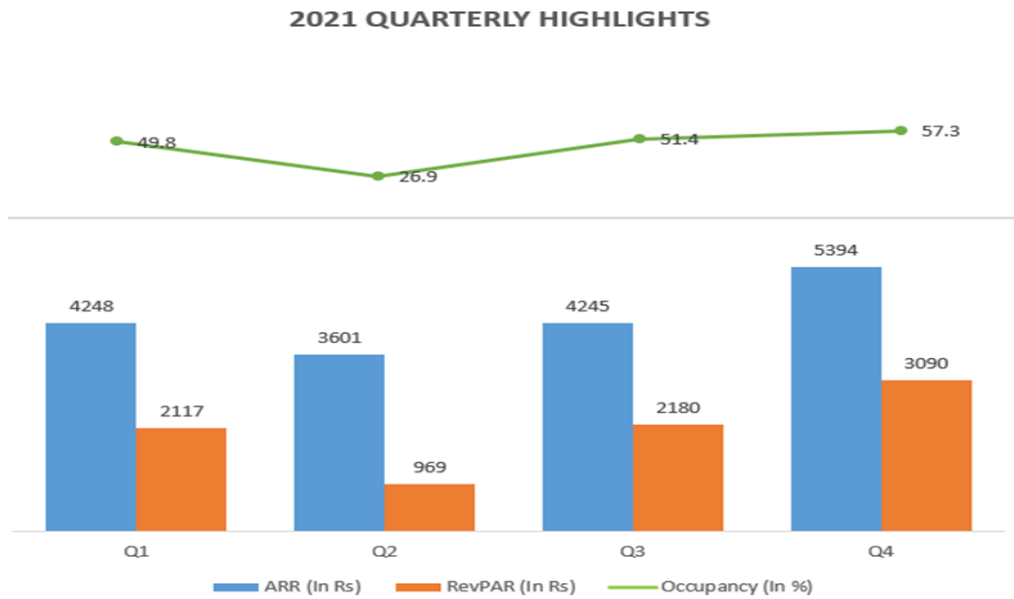
Source 1: India Hotels Outlook: Impact of COVID-19, HVS Research, and STR

The revenue per available room (RevPAR) is one of the most important indicators of KPIs in the hotel sector. It is a price metric that measures the amount of average revenue generated for a certain period of time. The RevPAR growth for the hotel industry in India has been rising consequently since 2015, but the COVID-19 pandemic situation brought an unprecedented setback to the sector. According to the Federation of Hotel and Restaurant Associations of India (FHRAI), the Indian hotel industry has taken a hit of approximately USD 17.81 billion in revenue in the Financial Year 2020-21 due to the impact of the COVID-19 pandemic, but the industry is coming back to its normal course through various government initiatives to revive the economy. Some of the initiatives included allowing fully vaccinated individuals to travel, one-month free tourist visa for 5 lakh tourists until 31st March 2022, the introduction of ‘m-visa’ to encourage medical tourism, devising SAATHI (System for Assessment, Awareness, and Training for the Hospitality Industry) to effectively implement guidelines/SOPs issued with reference to COVID-19 for safe

operations of hotels and restaurants, and launching NIDHI 2.0 (National Integrated Database of Hospitality Industry), a scheme that will maintain a database of the hospitality sector that will facilitate the digitalisation of the tourism sector by encouraging all hotels to register themselves on the platform. Ministry of Tourism, Government of India, is also building a tourism infrastructure through two major schemes, i.e., Swadesh Darshan (Integrated Development of Theme-Based Tourist Circuits) and PRASHAD (Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive). These schemes have been developed in order to promote niche tourism and to project India as a 365 days tourist destination by identifying 19 iconic sites in the country to attract and facilitate tourism. For the post-pandemic period, the government is not only boosting foreign tourist arrival but also encouraging domestic tourism by launching the ‘Dekho Apna Desh’ initiative.

The year 2021 witnessed the revival of the Indian hotel industry with the nationwide vaccination programmes, and the first quarter saw an occupancy of approximately 50%. However, the second wave resulted in a decline in the demand for the second quarter with fresh restrictions and lockdown imposed on the country, and as a result, the occupancy was reduced to 26.9%. However, the demand once again saw a huge surge in the third quarter as people began travelling to overcome the lockdown boredom and work from home fatigue. Subsequently, the occupancy for hotels was increased to 51.4%. The sector closed the fourth quarter with an occupancy of 57.3% with lifting up of various restrictions on weddings, organisational meetings, and social events. Figure 1.2 highlights the important KPIs for the hotel industry, such as Average Revenue Rate (ARR), RevPAR, and occupancy rate for the different quarters of 2021.

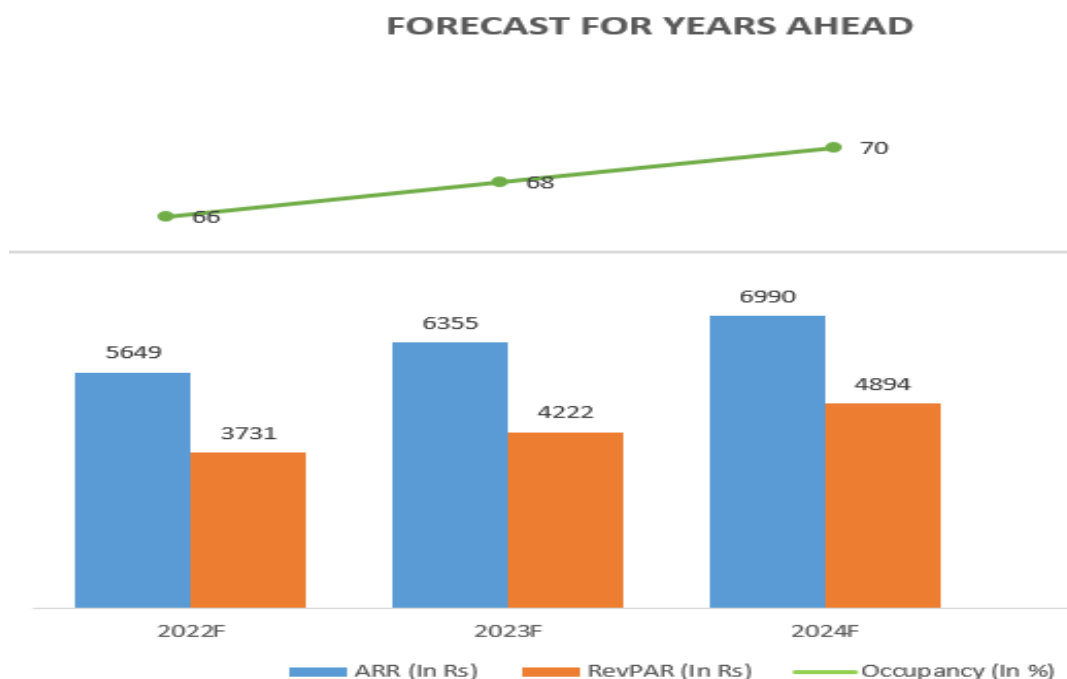
Figure 1.2: 2021 Quarterly Highlights



Source 2: India Hospitality Industry Overview 2021, HVS Research

The growth of the hotel industry in India has been severely affected, even in the past, by disruptive incidents such as the terrorist attacks of September 2001, SARS in 2003, and the Great Financial Crisis in 2008, but the demand grew faster following these short term incidents. According to the HVS report on ‘Indian Hospitality Industry Overview 2021’, it is expected that the Indian hotels will be back to normalcy and attain occupancy as well as average room rates of the pre-pandemic levels by the end of 2022 and mid of 2023. Figure 1.3 highlights the level of expected Average Revenue Rate (ARR), RevPAR, and occupancy rate for the industry.

Figure 1.3: Forecast for years ahead



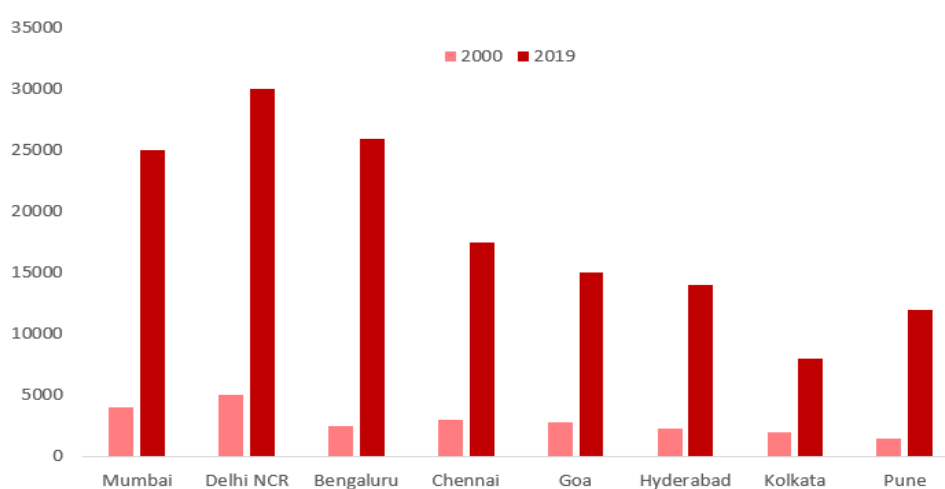
Source 3: India Hospitality Industry Overview 2021, HVS Research

1.4.3 Classification of Hotels in India

To meet the international standards of tourists in India, the Ministry of Tourism classifies the hotel industry under a star rating system. The ratings are classified as 1 Star, 2 Star, 3 Star, 4 and 5 Star with or without alcohol, 5 Star Deluxe, Heritage, and Legacy Vintage hotels. Hotels are categorised into different levels of stars based on the service, structure, and other amenities that they provide where 5 Star tops the criteria followed by 4 Star, 3 Star, 2 Star, and 1 Star, respectively. Heritage hotels are the properties such as old palaces, Havelis, castles, forts, and residences that were built before 1950. Legacy Vintage hotels are also constructed before 1950 and at least 50% of the material used to build such a hotel was sourced from heritage properties or buildings. Both heritage and Legacy Vintage hotels aim to reproduce the ambience and lifestyle of the bygone era and are further classified into Basic, Classic, and Grand according to the standards of facility and services available.

The Ministry of Tourism also approves Timeshare Resorts, Apartment Hotels, Guest Houses, Bed and Breakfast/Homestay Establishments, Tented Accommodation, Online Travel Aggregators, Standalone Air Catering Units, Convention Centres and Standalone Restaurants under its voluntary schemes. The classification is done on the basis of inspection of hotels, which is undertaken by the Hotel and Restaurant Approval and Classification Committee (HRACC) that is set up by the Ministry.

Figure 1.4: Growth in the number of rooms



Source 4: India Hotels Outlook: Impact of COVID-19, HVS Research and STR

The hotel sector directly contributes to the growth of the economy and therefore 100% foreign direct investment has also been allowed in India through an automatic route. With such high investments and foreign intervention, the number of international hotel chains in India is expected to rise by 50% by 2022. The growth of branded hotels in India since the 2000s has been exceptional with a tremendous rise in the number of rooms across major cities. According to the Indian Hotels Outlook report, Delhi-NCR (29,499) constitutes the highest number of branded rooms followed by Bengaluru (25,842) and Mumbai (24,667) which is presented in Figure 1.4. And in Delhi, a total of 51 hotels have been approved by the Ministry of Tourism, Government of India, under different star categories which are presented in Table 1.2.

Table 1.2: Number of Hotels in Delhi as on 31.12.2019

Star Category	Approved Hotels
2 Star	1
3 Star	4
4 Star with Alcohol	6
4 Star without Alcohol	1
5 Star Deluxe	27
5 Star without Alcohol	11
Heritage Basic	1
TOTAL	51

1.5 Statement of the Problem

With the increasing growth avenues of the hotel industry, this employee-centric industry is facing serious threats and challenges worldwide. Despite the financial and technological challenges, managing human resources is the most pressing problem (Jauhari & Rishi, 2012). Human resource challenges not only have a significant impact on the current growth but also possess a serious threat to the future growth of the hotels. The traditional image of the hotel industry is represented by longer working hours and a rigid and bureaucratic work environment that creates difficulty in attracting talent to this industry. With the globalisation and expansion of hotels, the problem of quantity has multiplied with the quality of human resources and there is a huge gap in the demand and supply of certain skills in the Indian hospitality sector (Jauhari, 2012). It is because of this reason that the Indian government has also rolled out various diploma, graduate, and post-graduate courses in hotel management to meet industry-specific needs. This immense shortage of skilled manpower is prevalent not only in India but across the globe (Bharwani & Butt, 2012). Also, the hotel industry in India not only deals with the problem of attracting manpower but also retaining employees. The attrition in the Indian hospitality sector prevails from entry-level jobs to senior-level management positions (Jauhari & Manaktola, 2009).

Labour turnover and high attrition rate not only create difficulties in recruiting and retaining employees in the hotel but also bring consequent challenges for training and quality service delivery (Jauhari, 2012). Hotels face the ongoing problems of training and re-training the employees which leads to the associated higher cost. Moreover, keeping pace with the evolving consumer demands and technological developments, hotels, from time to time, need to customise their training and development programmes for enhancing the competencies and capabilities of the employees (Bharwani & Butt, 2012). Moreover, branding has become an important aspect of the selection of hotels by its customers. Hotels can deliver this brand promise only if their employees are engaged and committed to work. This requires hotels to enable a working environment that provides rewards, compensation, work-life balance, and learning and development, along with career advancement (Bharwani & Butt, 2012; Sen & Bhattacharya, 2019).

To deal with the different challenges of talent and their management, hotels usually follow the Exclusive TM strategy where the focus is only on high-performing executives and managerial employees (CIPD, 2006). Hotels start identifying high-performing employees who are in possession of a certain skill set and further invest in developing this pool of talent to ensure sustainability and strategic success. Not only the small and medium hotels that are struggling with high developmental costs adopt exclusive practices (Nolan, 2002) but also the large hierarchical hotels (Horner, 2017) and multinational hotel corporations (Jooss et al., 2019) follow such practices to identify, develop, and retain talented employees. However, Baum (2008) suggests that large and multinational organisations in the hospitality and tourism sector can opt for exclusive practices, but small and medium hotel enterprises must adopt an inclusive approach toward their staff and should not focus selectively only on the talented employees. However, in reality, the volatile and uncertain business conditions force all hotel organisations to be selective in identifying talent and strategically invest their resources to reap the benefits for a longer period of time.

1.6 Significance of the Study

Performance of the organisation improves by implementing such Talent Management strategies and practices. It is indeed easier to measure organisational performance through financial outcomes, but it becomes difficult to evaluate the success of TM when the organisations have specific objectives like retaining employees in the

organisation (Swales, 2020). Practitioners implement Talent Management programmes keeping in mind the broader picture of the organisation's overall financial goals but they ignore the impact of such programmes on the individual level by measuring HR/employee-level outcomes. Without assessing the impact and outcome of TM practices on an individual employee, it becomes difficult to evaluate whether TM practices actually achieve their intended results or not. Measuring the success only in financial terms and ignoring the HR outcomes will not depict a clear understanding of the TM process. Such ignorance towards an employee or HR outcomes can be detrimental to the growth of an organisation in a long run.

Though TM practices favourably affect the financial performance of the organisation, the effect of such practices on employee-level outcomes is unknown. Under the exclusive strategy of TM, employees are divided into groups on the basis of their contribution and competency. Organisations believe that a talented group of employees will help them achieve higher success and will lead to competitive advantage. Employees who fall under the pool of talent are considered critical for the growth and success of the organisation and, therefore, receive differentiated investments for their overall development to further add value to the organisation (Collings, 2015; Garavan et al., 2015). This discrimination in the workforce under the practice of an exclusive approach to Talent Management (ETM) may instil resentment from the larger number of employees in the organisation who have not been conferred the status of talent. Such a practice may lead to negative consequences in the organisation for both talented and non-talented employees (De Boeck et al., 2018). The possibility of a negative impact on the employees from the practice of exclusive strategy may shake the foundation of TM. It might be possible that despite implementing TM practices, organisations are still struggling with the issues of attrition and turnover and fail to understand the root cause of the problem.

Organisations continue to focus extensively on financial performance and ignore the HR outcomes from TM practices. Further, the possibility of probable negative consequences arising from the practice of the exclusive approach to TM draws attention to the need for research in assessing the employees' outcomes from the practice of exclusive. To ensure the sustainability of the organisation and to check the viability of the exclusive TM practices, it is essential to bring employees into the broader picture of TM. Also, as big and global hotel companies rely on the exclusive TM strategy to fulfil their organisational

goals, therefore, studying the effects of such TM practices on the big hotel employees in a developing country like India becomes even more necessary.