TALENT ACQUISITION AND THE ROLE OF MANAGEMENT STUDIES IN INDIA

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ABSTRACT

Over the next 10 years, the demand for talented people will far exceed the availability of skilled workers - at all levels, and in all industries. Notwithstanding the economic situation of a country which may affect the job market for a time being, many 'A-players' who have not had significant opportunities for growth and advancement change jobs, and the fundamental shortage becomes apparent - especially for those companies who have not developed a reputation as 'employer-of-choice', and who have not developed the capabilities and infrastructure to compete effectively to acquire and retain scarce talent resources. Getting the best talent, and keeping the talent companies have, is becoming intensely competitive. The biggest constraint to pursuing growth opportunities is talent. This paper highlights the role of management studies in development of better managers. It also compares the ratio of acquisition of management graduates compared to other graduates.

KEYWORDS

Talent acquisition, recruitment, management schools, ESR, Recruitment, Workforce Demographics, Organizational Sustainability, Emerging Issues, Third Party Poaching, Direct Sourcing,
INTRODUCTION

The Business Schools/ Management Institutions can orient their training approach in developing new business managers/ entrepreneurs who when enter the world of businesses may look at the business not only from the angle of financial profits but profit for all stakeholders – business, society and environment. These institutions can play an important role in grooming of young generation who will be the business managers/ entrepreneurs of tomorrow to be responsible citizens.

Section 1 explains the meaning of Talent acquisition.

Section 2 deals with the difference in Recruitment and Talent acquisition.

Section 3 explains the importance of Talent acquisition.

Section 4 studies Talent acquisition as a strategy.

Section 5 explains the Role of Business Schools/ Management Institutions.

Section 6 analyses of survey conducted on quality of Management graduates and their recruitment.

Section 7 analyses the contrasting result of survey conducted by two different agencies regarding Management graduates.

Limitation of the Study

1. Companies and Colleges providing limited data.

2. Analysis was difficult due to instability of data because of recession.

3. Respondents (Companies and Colleges) were only from Bangalore.

4. Time constraint.

Understanding Talent Acquisition

Talent Acquisition involves all the sub-processes around finding, attracting and engaging highly talented individuals into your organization.

Origin of the "Concept" of Talent Acquisition

First and foremost, 'talent acquisition' forms a part of a much broader strategic approach in the corporate quest to gain and sustain a competitive advantage in today's marketplace. Other aspects include talent development, retention and transition, these are primarily inward facing, whilst the former is outward looking.

The core concept of talent acquisition is to get away from the 'fill in the box' thinking to

one that is more pro-active and much closer to building the skill sets required to achieve business success. Traditionally, a recruitment need occurs when an individual either leaves or is promoted to another function. The key to success in talent acquisition is the unique way that you are able to tap into the 'top performers' who are not really looking for another job. They never read the traditional job ads or go to the job boards on the Internet.
Educating line managers that talent acquisition must also be an every day duty is also a success criterion. Most managers look at hiring only when there is a 'box' vacant on a purely transactional basis. Today's top talent has a very short shelf life; therefore you must have a sense of urgency in bringing them aboard, a job opening or no job opening. This tactic is considered very risky by some managers, but at the end of the day not making an offer the day a 'top' performer comes to the job market, you will most certainly lose them. Usually bringing in top management (CEO, CFO, COO, etc.) in the relationship building process helps considerably in influencing the 'star' performer.

In the past, executive officers had a tendency to view staffing as a cost center, largely relegated to non-strategic transactional tasks. However, with the current recession and Wall Street looking at human capital, executives are now considering Staffing as a competitive differentiator, enabling them to attract top talent. Most jobs require a high level of technical, managerial and social skills. Recruiting and retaining these skilled workers is, perhaps, the most vital element to corporate success.

According to Gary Becker, winner of the Noble Prize in Economics, 65%-70% of all capital in a highly evolved economy is human capital and therefore, workforce management has a prominent role and the investment in technology to aid its endeavor is justifiable.

What is difference between "Recruitment" and "Talent Acquisition"?

One of the most frequently asked questions is "What's the difference between 'Recruiting' and 'Strategic Talent Acquisition'?" The easy part of the answer is to define "recruiting". It is nothing more than filling open positions. It is an entirely tactical event. The more complex part of the answer is the definition of "Strategic Talent Acquisition".

Before proceeding further, let’s have a look at the following figures:

- It is estimated that at least 1/3 of business failures are due to poor hiring decisions and inability to attract and retain the right talent.
- The average cost of replacing a manager or professional is 1.5 to 3 times salary.
- The cost of working around an under-performer can run as high as six figures.
- The cost of consistently failing to attract and retain good talent – including declining productivity, morale, culture and reputation - is inestimable.
- Each vacant position costs your organization Rs. 60,000 on average. For some management positions, it can easily run into six figures.

Strategic Talent Acquisition takes a long-term view of not only filling positions today, but also using the candidates that come out of a recruiting
campaign as a means to fill similar positions in the future.

These future positions may be identifiable today by looking at the succession management plan, or by analyzing the history of attrition for certain positions. This makes it easy to predict that specific openings will occur at a pre-determined period in time.

In the most enlightened cases of Strategic Talent Acquisition, clients will recruit today for positions that do not even exist today but are expected to become available in the future.

However, if the approach is more strategic in nature, the intent of the call is to go much further, and the conversation becomes more relationship building. The candidate has an opportunity to explain his/her future career aspirations, and the recruiter gathers enough information to determine if there is a potential fit in the client organization. If during a strategic recruiting call the candidate declares that they are both qualified and interested, then the tactical nature of the call has been automatically fulfilled. If, however, the candidate lacks sufficient experience, or the timing for a career move is not propitious, then they become candidates for the future, and all the recruiter has to do is keep in touch until either they become available, or a position with the client organization opens up.

Strategic Talent Acquisition allows us access to a pool of competitive talent that would otherwise have been missed or even worse, ignored.

Clearly the business case for acquiring talent strategically is far more compelling than simply paying to fill positions today. What we are doing is adding a small incremental effort, in exchange for a huge potential reward.

**Importance of Talent Acquisition**

- Understanding workforce demographics (current and future)
- Identifying economic issues impacting organizational sustainability
- Identifying organizational and cultural issues impacting talent acquisition
- Knowledge of industry trends and emerging issues

**Talent Acquisition - As A Strategy**

Historically organizations have not treated the recruitment process as one of strategic importance, but latterly many are now waking up to the reality that the world has changed dramatically. Several changes in our connected world have tipped the scales in favor of the highly talented individual looking for a new opportunity.

Firstly, of course, there is the Internet. Candidates can now advertise their desire to change jobs within minutes of making the decision and receive enquires about their talents within hours. But if the Internet has enabled this process for candidates, it has also
brought significant advantages for organizations.

**Talent Acquisition Strategies for 21st Century**

Before we start further lets see what's the mindset of people about "Talent Acquisition":

**Old Mindset about People:**

A. A vague notion that "People are our Most Important Asset"
B. HR is responsible for people Management
C. We have a two-day Success Planning Exercise Once a year
D. I work with the people I inherit.

**New Talent Mindset**

A. A deep conviction that Talent Leads to Better Corporate Performance
B. All Managers Are Accountable for strengthening their talent Pool
C. Talent Managers is a central Part of How we run the company
D. I take bold actions to build the talent pool I need

**An Unstoppable Global Trend**

The migration to a truly global economy is impacting every nation large and small in both positive and negative ways. One of the most apparent impacts is that it has increased demand for labor in nations that once supplied a surplus to developing nations, causing dramatic increases in local wages, in turn making it more difficult to recruit talent abroad. In addition, the rampant growth of offshore outsourcing has imbued developing nations with disposable income, making possible their investment into higher value work.

Combined, these two external forces are complicating the pillage model that for so many years has filled hospitals with nurses and hardware/software firms with engineers. It has also turned the tables; such that developing nations must now devise ways to steal talent back from hyper-developed nations, i.e. poach!

1. Aggressive firms in such nations are following the leaders, they are:
2. Putting work where the talent resides.
3. Subcontracting outsource contracts for low value activities to other developing nations.
4. Opening offices in locations that compete directly with their clients.

Offering very lucrative compensation packages for key players who return or are willing to relocate to a developing nation.

In short, the war for talent is no longer a local war, but rather a global one that will drive the evolution and practice of talent poaching.

**Three Dominant Poaching Strategies**

Poaching activities largely fall into one of three categories:

**Direct Sourcing**

Firms use new data-mining techniques and tools, combined with age-old
recruiter phone techniques, to mine the organizational structure, employee identities, and employee performance indicators of talent and product competitors. This competitive intelligence is later used to determine whom specifically should be targeted for poaching. All work is carried out internally.

**Third-Party Poaching**

This strategy relies on using a vendor or series of vendors to identify everything from which firms to target to what individuals to go after based on your strategic objectives. (It is also by far the most common way organizations that find poaching unethical actually practice it themselves. In their minds, poaching is perceived as unethical only if you do it yourself.)

**Attract Them With "Honey."**

The third strategy is likely the one that few organizations would associate with poaching, what we call the "attract them with honey" strategy. This approach utilizes six different channels to drive candidates to your organization from other specific organizations, much like product firms steer you to their products in grocery stores.

All three strategies have the same impact in the long run, but offer firms a varied level of "ethical exposure," timeline, and cost. The three strategies outlined above are rank ordered in terms of their time to productivity and cost, from least expensive with quickest impact to most expensive with slowest impact.

**Role of Business Schools/ Management Institutions in creating awareness for ESR**

- The Business Schools/ Management Institutions are the most appropriate nursery of shaping and developing management graduates for MSME sector and who possess integrity and ethical standards, a deep sense of social responsibility, a commitment to the up-liftment of their communities, understand protection and sustainability of the environment, and the improvement of the people’s quality of life.
- The Business Schools/ Management Institutions are in a position to develop case studies on Best ESR practices relevance to India scenario. While doing this the students will gain new insights into the MSMEs sector and walk away not only with tools but also with a clearer sense of their role as drivers and facilitators of positive change in their workplaces, families and communities in the way they do business.
- The Business Schools/ Management Institutions have a social responsibility to produce managers who will endeavor to humanize the SMEs sector, understand the ethical implications of every business decision, and feel personal responsibility for their workers.
- The business schools/ management institutions can provide a leadership role in setting and taking forward
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the MSMEs ESR agenda by giving due weight age to issues concerning social responsibilities in SMEs.

- They are better placed in providing a leadership role in setting and advancing the MSMEs ESR agenda by taking up the research work on issues relating to ESR.

Contrasting result of survey conducted by two different agencies regarding Management graduates

MeritTrac Services, India’s Largest Skills Assessment Company recently unveiled India’s first-ever comprehensive study on the MBA talent pool conducted by its analytics team.

The study places in a factual context the skills gap in the mushrooming B-school marketplace voiced by experts on many occasions and platforms past two years. That, the growth in the number of B-schools and the number of graduates they churn out has not translated into increased employable pool for India Inc. to hire from. The MBA talent pool report is aimed at mapping and bringing forth the dynamics of the quality and availability of the MBA talent pool and will aid corporates in their talent acquisition strategy by helping them identify locations and regions with specific sub-skill sets in management.

The sample selection, administering and analysis were done using the best statistical and market research tools/methodologies available.

Commenting on the study and its key findings, Madan Padaki, Co-founder & Director, MeritTrac Services, said, "As much as it presents a picture of challenge, the concern areas highlighted by the report can be addressed effectively. This has always been MeritTrac’s objective while presenting these reports. It is about raising the early alarm. Just to point out one such area - on plain abilities performance, almost 56% of the management talent pool is employable and if combined with communication skills it drops to 23%. Communication skills are an area that can effectively be addressed, as tools for the same are available. We hope the report serves as an eye-opener for India Inc., which is in dire need of more managers than ever before.”

GMAC’s 2009 Corporate Recruiters Survey suggests that the job market is likely to remain constricted, but there are glimmers of positive news.

Survey results verify a fact of life today: Strained economic conditions are having a significant impact on corporate hiring plans. Most organizations across industries and geographic locations project a hiring freeze for all types of candidates this year. Companies that do plan to hire expect to hire 50 percent fewer new employees compared with last year. Yet the proportion of graduates from management programs among those new hires is expected to remain unchanged.

The survey data track trends that will be familiar to administrators and managers in business schools. Starting in December 2007, the recession had
relatively little effect on 2008 MBA graduate hiring. While fewer companies hired graduating MBAs in 2008 than did in 2007 (58 percent vs. 64 percent, respectively), the average number of new MBA graduate hires per company actually increased by 3 percent. The continued downturn, however, has encouraged a cautious attitude toward hiring, as reported in the last two Manpower Employment Outlook surveys of global hiring trends.

The proportion of companies that hired Masters in Management graduates remained unchanged in 2008 (18 percent), but there was a drastic decline in the average number of new hires per company—companies surveyed reported hiring five times fewer graduates from Masters in Management programs in 2008 than in 2007. Similarly, while more firms hired specialized master’s in business graduates (40 percent in 2008, up from 31 percent in 2007), hiring companies cut the number of new hires by more than half.

Source: GMAC

In the coming year, competition in the job market is expected to be tough among all graduates. The figure above illustrates the change in average number of hires by degree type among graduate management students from 2007 (actual) to 2009 (projected). The drop is notable, but there is still a need for management graduates. Demand for MBAs continues to be strong in the consulting, health care, and energy sectors. Among Masters in Management graduates, demand is highest in consulting and high technology. Other specialized master’s in business degrees related to finance and accounting are also in demand.

Analysis of the primary data of recruitment of management graduates from Bangalore in companies in Bangalore.
In this paper the placement percentage of various high profile Management institutes and some budding management institutes are produced. Also data annual recruitment of Management graduates in couple of high profile and startup companies are produced.

The placement of high profile management institutes are 100% also in various budding Management institutes the placement is good but there are many areas where their level of education need to be improved.

One of the high profile companies in the survey recruit more than 50% management graduates in their annual recruitment and another high profile company recruit approximately 36% management graduates in their annual recruitment but one start-up company recruits only 4% management graduates in their annual recruitment (companies names not mentioned due to confidentiality reason).

The reason for this difference in recruitment strategy is because of the high salary expectation of the management graduates.

**TABLE No. 1. COMPANY PLACEMENT**

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<tr>
<th>SECTOR</th>
<th>PERCENTAGE</th>
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<tbody>
<tr>
<td>Government</td>
<td>1%</td>
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<tr>
<td>NGO</td>
<td>2%</td>
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<tr>
<td>Manufacturing Firm</td>
<td>15%</td>
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<tr>
<td>Banking and Financial Institutes</td>
<td>20%</td>
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<tr>
<td>IT</td>
<td>30%</td>
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<td>ITES</td>
<td>58%</td>
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**TABLE No. 2. COLLEGE PLACEMENT**

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<th>SECTOR</th>
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<tbody>
<tr>
<td>Government</td>
<td>1%</td>
</tr>
<tr>
<td>NGO</td>
<td>1%</td>
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<tr>
<td>BPO</td>
<td>10%</td>
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<tr>
<td>Retail Sector</td>
<td>11%</td>
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<tr>
<td>Hospital</td>
<td>15%</td>
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<tr>
<td>Manufacturing Firm</td>
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<tr>
<td>Consultancy</td>
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<td>Banking and Financial Institutes</td>
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<td>IT/ITES</td>
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**View regarding importance management education by other individual.**

Management consultant Dr MB Athreya (He was speaking at a conference on ‘Indian Management Education: Vision 2010’ organised by the PHD Chamber of Commerce and Industry (PHDCCI) in the year 2002), called for thought leadership from management institutes. He said,“the
thought leadership role is with educators, including management educators. They should help Indian entrepreneurs and managers deal with in-bound and out-bound competition. For entering and thriving in the world market they have to provide the paradigms and tools with which industry can break in, compete and grow.”

The core values of the institute-industry partnership for contemporary management education, are that institutes serve industry as their primary customers and industry cherishes the institutes as a source of competitive advantage in the demanding post-WTO global market, he said. He spelt out the vision for Indian management education as: To be the world's largest and most diverse infrastructure of management education and a fine blend of heritage, intellect and command of languages, including English. It should also cater to the special management needs of different segments like SMEs, NGOs, central state and local governments, besides facilitating third generation reforms.

Institutes are currently being underutilised by industry and the latter could contribute more significantly by helping enrich their curriculum, using budding MBAs, providing employment and being more closely involved in and exploiting their research output, he said.

CONCLUSION

Even in this time of economic recession the number of intake of management student is either the same or it has increased. This shows that management education is still in demand. Engineering graduates even after getting placed with a good pay package take few years break and get into one of the management institutes or either joins some correspondence course. This clearly shows the importance of management studies.

Besides the premier management institute graduates, the graduates from the various other mushrooming management institutes, only few percentage are employable. But the demand for various managerial posts in companies and other sector are increasing day by day, so, in order to make the management graduates more employable the management institutes plays a very important role.

It is responsibility of the Management institutes in creating awareness of the Enterprise Social Responsibility to their students so that when they become managers they are more responsible.

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