



## Managing Talent Exodus in the Chemical Industry of Valsad District

### KEYWORDS

Talent Management, Retention of Employees, Process Integration, employee retention, optimize processes

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**ABSTRACT** Talent management is a dynamic, ongoing process of systematically identifying, assessing, and developing talent for future critical roles to ensure continuity and effective organizational performance. A talent management program ensures that people remain in the organization as it provides them opportunities to advance and grow. The study aimed to know the opinion of the HR Managers of the Chemical Companies located in Valsad District region. Hence, the research design of the study is descriptive in nature. The respondents were selected from entire Valsad District (the universe) who was in the manufacturing of various chemical products. The selected sample is comprised of different areas of the universe. Important among them were Sarigam, Vapi, and Atul in Valsad District. The selection of respondent was based on convenient sampling. Proper care had been taken so that the selected sample come from the different geographical area of the universe and hence represent the main talent management activities carried out by them in the universe. An attempt has been made to find out the talent management initiatives to be taken by the HR Managers in the chemical industry. There is significant difference in the retention of employees in the chemical industry before and after talent management initiatives used by the HR managers. In other words, we can say that talent development activities are crucial and necessary for employee retention in the industry. The finding of the study suggests that the managers need to better understand the signs of discontent before they lose their best and brightest people. To create a sophisticated talent management environment, organizations must: Define a clear vision for talent management, develop a roadmap for technology and process integration, Integrate and optimize processes, apply robust technology to enable processes, prepare the workforce for changes associated with the new environment. The chemical companies should show initiatives to strategically strengthen and develop the individual employer brand. One of the first steps needed for example, is to launch career portal. There is need for job fairs for recruitment in chemical companies and there is great opportunity for several companies to jointly host the job fairs in several centers in the country and abroad.

### INTRODUCTION

Talent management is a dynamic, ongoing process of systematically identifying, assessing, and developing talent for future critical roles to ensure continuity and effective organizational performance. A talent management program ensures that people remain in the organization as it provides them opportunities to advance and grow. It has also been reported that talent management is a source of competitive advantage. The present study aimed to know the opinion of the HR Managers of the Chemical Companies located in Valsad District region. Hence, the research design of the study is descriptive in nature. The researcher focused on a comprehensive set of workplace practices that influence employee motivation, commitment and willingness and desire to achieve at work. The respondents were selected from entire Valsad District based on convenient sampling. Proper care had been taken so that the selected sample come from the different geographical area of the universe and hence represent the main talent management activities carried out by them in the universe. The T Test and Factor Analysis had been used on the collected data and analysis of the same had been done through SPSS Software to draw meaningful conclusions. The study results will be of a great help to the HR Managers and employees of the various organizations in the chemical segment. It will also be useful to the industry associations located in the respective region and the placement consultants. It will also be useful to the HR Practitioner and management students of HR Branch.

### REVIEW OF LITERATURE

According to KARTHIKEYAN J (May 2007)<sup>1</sup> Organization need to have a vision and a well defined strategy on hiring for the future. Do we have the right talent within to attract and retain the best available talent? A number of measures for talent management are suggested such as succession planning, on the job training, innovative work culture, appre-

ciation for achievement, positive organizational culture etc.

According to PANDIT Y V L (May 2007)<sup>2</sup>, Emphasis has been paid on initiatives that can be put in place to help the organization to retain and nurture the talent. The fundamental aspects about the human resources and planning of new models have been discussed. The need to disband the conventional school of thoughts about organizational behavior has been advocated and a new approach has been suggested for HR. In April of 2002, Dr. David W. De Long<sup>3</sup> published the results of his extensive survey and evaluation of the threats to company-wide critical knowledge in the chemical industry. The study conducted by Chennai based Nandini Consultancy<sup>4</sup> indicates that with the need to be globally competitive and facing several challenges in the technology, environmental and energy front, the chemical industries in India now realize that without recruiting and retaining reasonably competent and committed and knowledgeable persons in the team of employees, it would not be possible to forge ahead. Shankar Ramamurthy and Lawrena Colombo<sup>5</sup> believes that India's rapidly growing chemical industry seeks to attract and retain the right talent. What lessons can we all learn in talent management? Attracting and retaining talent in India's chemical industry is a challenge. For India's expanding chemical industry, managing the country's vast talent pool is a little like trying to "boil the ocean." To continue its current growth, the industry must rethink how it hires and retains the people who work in this diverse and constantly changing business environment. India is ranked 12th in the world in the production of chemicals, and the industry contributes about 3% to the nation's gross domestic product (GDP). The study conducted by Puneet Mohan and Shalini Shrivastava<sup>6</sup> reveals that sending email or invitation for annual lunch are effective tools

to woo the productive ex-employee. They suggested that employee- employer relationship should be more formally

channelized. In India average attrition rate is 18 percent as compared to 42 percent in US and 24 percent globally. However it is not easy for HR manager to bridge the gap between demand and supply of the professionals. McKinsey's study, which has appeared in the McKinsey Quarterly (1998)<sup>7</sup>, focused on 77 large U.S. companies in various industries. The team's focus was on the human resources department within each company and what their talent-building philosophies, practices, and challenges were. The study concluded that companies are about to be engaged in a war for senior executive talent that will remain a defining characteristic of their competitive landscape for decades to come. The study conducted by The Economic Intelligence Unit, (2005)<sup>8</sup> reveals that while all organizations look to recruit talented individuals, many build collections of talent before or after recruitment. Talent banks operate where an organization identifies and attracts potential recruits before they're require, as candidates often emerge who are clearly desirable and interested in the organization, but there may not be a suitable current opening. By periodically engaging with the candidates especially if there's a niche position requiring special skills and informing them when opportunities arise, companies save time and expense in future searches.

## RESEARCH METHODOLOGY

### RESEARCH DESIGN

The study aimed to know the opinion of the HR Managers of the Chemical Companies located in Valsad District region. Hence, the research design of the study is descriptive in nature.

### SAMPLING

The respondents were selected from entire Valsad District (the universe) who was in the manufacturing of various chemical products. The selected sample is comprised of different areas of the universe. Important among them were Sarigam, Vapi, and Atul in Valsad District. The selection of respondent was based on convenient sampling. Proper care had been taken so that the selected sample come from the different geographical area of the universe and hence represent the main talent management activities carried out by them in the universe.

### OBJECTIVES

1. To identify various upcoming challenges of talent management and to suggest improvements in terms of talent management initiatives.
2. To find out the main factors of attracting and retaining talent in the chemical industry.
3. To measure the impact of talent development initiatives taken by the organization and HR Employees on retention.

### HYPOTHESIS

Ho1 There is no significant impact of various Talent Development Initiatives on the retention of employees in the Chemical Industry

### PROCEDURE FOR DATA COLLECTION

The primary data was collected from respondents through personal interview based on structured questionnaire. The questionnaire was so prepared as to obtain and elicit the information required to study the various aspect of the talent management. With the best possible efforts, it was possible to collect data from 30 HR Professionals in chemical industry of Valsad District. The secondary data for the present study had been gathered from various journals, research papers, newsletters, books and HR websites.

### TOOLS OF DATA ANALYSIS

The T Test and Factor Analysis had been used on the collected data and analysis of the same had been done through SPSS Software to draw meaningful conclusions. After completing the field work the collected information was edited and tabulated. The conclusions were drawn on the basis of

data collected, collated and summarized. The interpretation is based on those findings from the analysis and informal talks with HR managers.

### SIGNIFICANCE OF THE STUDY

The study results will be of a great help to the HR Managers and employees of the segments and various organizations in the chemical segment. It will also be useful to the industry associations located in the respective region and the placement consultants. It will also be useful to the HR Practitioner and management students of HR Branch.

### DATA ANALYSIS AND FINDINGS

An attempt has been made to find out the talent management initiatives to be taken by the HR Managers in the chemical industry. It has been also attempted to find out that which are the most important factor in terms of talent retention, significance impact of talent management initiatives on the retention of employees in the organization.

Since the value of Cronbach's Alpha presented in table no.1 is higher than the accepted 0.70, we reject the null hypothesis and we may say that the instrument is reliable and can be used with factor analysis for further investigation.

The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-olkin (KMO) (table no.2) Measure of Sampling Adequacy and Bartlett's Test of Sphericity (homogeneity of variance). The KMO measure of sampling adequacy is 0.733 indicating that the present data are suitable for factor analysis. Similarly Bartlett's Test of Sphericity is significant  $p < 0.001$  indicating sufficient correlation exists between the variables to proceed with the analysis.

The graph no.1 is also useful to decide about the number of factors. Catell's Scree test (1966) involves plotting each of the Eigen Values of the factor and inspecting the plot to find a point at which the shape of the curve changes direction and become horizontal. Catell recommends retaining all factors above the elbow, or break in the plot as these factors contribute the most to the explanation of variance in the data set.

Looking at table no.6 (Rotated Component Matrix) we find that attributes like: Base Pay, Health Care Benefits, Organization Culture, Knowledge and Skills, Job Security and Stability and Location of the Employer have loading 0.950, 0.871, 0.836, 0.827, 0.760, and 0.668. This indicates that factor 1 is combination of these six variables. Therefore this factor can be interpreted "Socioeconomic factor". This factor 1 independently contributed 43% variations in employee retention in chemical industry in Valsad District. Now factor 2, we see employee stock option plan has loading of 0.779, indicating that factor 2 is has contributed 12 percent variations independently. As for Factor three it is evident that childcare benefits and career growth, learning and development has the loading of 0.814 which also contributed 12 percent variation in the retention of employees in the chemical industry of Valsad District.

### CONCLUSIONS AND SUGGESTIONS

Factor Analysis attempts to identify a small set of factors that represents the underlying relationships among a group of related variables. It is found that three factors have extracted from ten variables using factor analysis (data reduction techniques) in SPSS 16.0. All these three factors namely socioeconomic factor, ESOP and Childcare benefits contributed 67 percent variation in retention of employees in chemical industry in Valsad District.

The output generated by the SPSS version 16.0 shows that the 2 tailed significance of the test is 0.000 from the last column. This is the p value and it is less than the level of 0.05 we had set. Therefore we have to reject the null hypothesis and conclude that there is significant difference in the retention of employees in the chemical industry before and after

talent management initiatives used by the HR managers. In other words, we can say that talent development activities are crucial and necessary for employee retention in the industry.

Managers need to better understand the signs of discontent before they lose their best and brightest people. With every potential hire, initiate a frank and open discussion of job activities, performance expectations, immediate work team, working conditions, rules, policies, work culture, management style, and the organization's financial stability or other topics where surprises need to be minimized. If you lose candidates by divulging the truth about the job or workplace, you probably would have lost them anyway shortly after hiring them. Keep employees informed about the company's strategy, direction and talent need forecasts. Your best people need to be kept informed about the company's evolving marketing and growth strategies, and the career opportunities that will accompany them. To create a sophisticated talent management environment, organizations must: Define a clear vision for talent management, develop a roadmap for technology and process integration, Integrate and optimize processes, apply robust technology to enable processes, prepare the workforce for changes associated with the new environment. The chemical companies should show initiatives to strategically strengthen and develop the individual employer brand. One of the first steps needed for example, is to launch career portal. There is need for job fairs for recruitment in chemical companies and there is great opportunity for several companies to jointly host the job fairs in several centers in the country and abroad. More certified training should be given to the employee to boost their effectiveness and efficiency. It should be used as a tool of motivation. The organization should identify the crucial talent initiative to attract and retain the employee. They should know which talent management elements can have the greatest impact on the business and therefore provide a better basis for prioritization and implementation. Conduct performance management reviews at six-month intervals rather than annually, and provide innovative reward programs over more traditional ways of recognizing employee performance. Offer employees skill-based compensation and long-term incentives. Devote resources to entry-level training. Organizations must have meaningful descriptions of the capabilities (skills, behaviors, abilities and knowledge) required throughout the organization. Organizations must be able to relate those skills and capabilities to a role or a canter of demand, such as a job position, project or leadership role. The working culture of the

organization should be improved and maintained to retain talent in long run. Create a realistic job description with a short list of critical competencies. When a company's list of "ideal candidate" competencies is too long, it unwittingly narrows its pool of candidates. The company also lays the groundwork for another problem later on – that the new hire will not be able to meet its performance expectations. Create a way for candidates to "sample" on-the-job experience. Many companies have begun using CD-ROMs that simultaneously test the applicant's aptitude for the position while also providing a glimpse of on-the-job realities. Delegate tasks to challenge employees and enrich their jobs. Employees might not have the patience to "pay their dues," but you can enrich their jobs and provide for them a more meaningful role in the future by delegating tasks you might not have considered before.

**Table No: 1 Reliability Statistics**

Cronbach's Alpha	N of Items
.727	10

**Table No: 2 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.733
Bartlett's Test of Sphericity	Approx. Chi-Square	129.969
	Df	45
	Sig.	.000

**Table No: 3 Communalities**

	Initial	Extraction
Base Pay	1.000	.904
Health Care Benefits	1.000	.787
Enhancement of Knowledge and Skills	1.000	.715
Employee Stock Option Plan	1.000	.643
Child Care Benefits	1.000	.707
Job Security and Stability	1.000	.606
Nature of Work	1.000	.564
Career Growth, Learning and Development	1.000	.524
Location of the Employer	1.000	.484
Organization Culture	1.000	.752
Extraction Method: Principal Component Analysis.		

**Table No: 4 Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.308	43.081	43.081	4.308	43.081	43.081	4.257	42.573	42.573
2	1.293	12.926	56.007	1.293	12.926	56.007	1.215	12.148	54.721
3	1.085	10.851	66.858	1.085	10.851	66.858	1.214	12.137	66.858
4	.933	9.327	76.185						
5	.758	7.584	83.769						
6	.651	6.509	90.278						
7	.379	3.788	94.065						
8	.290	2.904	96.970						
9	.226	2.258	99.228						
10	.077		100.000						
	.772								
Extraction Method: Principal Component Analysis.									

Graph No: 1

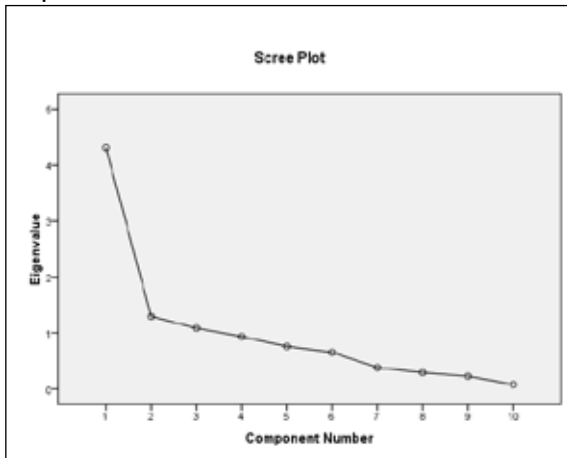


Table No: 5 Component Matrixes

	Component		
	1	2	3
Base Pay	.939		
Health Care Benefits	.871		
Organization Culture	.846		
Enhancement of Knowledge and Skills	.839		
Job Security and Stability	.774		
Location of the Employer	.640		
Child Care Benefits		.736	.397
Nature of Work		.647	
Employee Stock Option Plan		.389	-.701
Career Growth, Learning and Development	-.392	.306	.526
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Table No: 6 Rotated Component Matrix

	Component		
	1	2	3
Base Pay	.950		
Health Care Benefits	.871		
Organization Culture	.836		
Enhancement of Knowledge and Skills	.827		
Job Security and Stability	.760		
Location of the Employer	.668		
Employee Stock Option Plan		.779	
Nature of Work		.644	.317
Child Care Benefits			.814
Career Growth, Learning and Development	-.338		.591

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 Rotation converged in 5 iterations.

Table No:- 7 Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Retention Before Talent Development Initiatives	1.7667	30	.50401	.09202
	Retention After Talent Development Initiatives	1.8333	30	.59209	.10810

Table No: 8 Paired Differences

Paired Samples Test		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Retention Before Talent Development Initiatives	-.06667	.25371	.04632	-.16140	.02807	-1.439	29	.161
	Retention After Talent Development Initiatives								

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