

Structural Equation Model (Sem) on Performance of Employees as Part of Talent Management Strategy with Reference to Information Technology Industry At Chennai

Abraham Rajan¹, Dr. V. Nagajothi²

^{1,2} Department of Business Administration

^{1,2} Rajah Serfoji Government College (Autonomous), NAAC REACCREDITED AT "A" GRADE, Thanjavur 613005

I. INTRODUCTION

The phrase "talent management" is fairly new and usually refers to the activities to attract, develop and retain employees. Some people and organizations use the phrase to refer especially to talented and/or high-potential employees. The phrase often is used interchangeably with the field of Human Resource Management -- although as the field of talent management continues to mature, it's very likely there will be an increasing number of people who will strongly disagree about the interchange of these fields. At least for now, this Free Management Library considers the topic of Talent Management to be similar to Human Resources Management. Thus, the various aspects and subtopics of Talent Management are those listed in the topic of Human Resources and Talent Management. The links immediately below provide more overviews of talent management.

Talent management, when handled strategically, flows from the organization's mission, vision, values, and goals. This enables every employee to see where he or she fits within the organization.

This, in turn, enables employees to participate in the overall direction of the company. From a strategic perspective, an effective talent management system helps crucial employees feel as if they are part of something bigger than their current job.

Talent management includes the following activities and work processes.

Develop clear job descriptions so you know the skills, abilities, and experience needed from a new employee.

Select appropriate employees who have superior potential and fit your organization's culture, with an appropriate selection process.

Negotiate requirements and accomplishment-based performance standards, outcomes, and measures within a performance development planning system.

Provide effective employee on boarding and ongoing training and development opportunities that reflect both the employee's and the organization's needs.

Provide on-going coaching, mentoring, and feedback so the employee feels valued and important.

Conduct quarterly performance development planning discussions that focus on the employee's interests for career development.

Design effective compensation and recognition systems that reward people for their contributions. Even if all of the rest of your employment processes are employee-oriented, people still work for money. Employers of choice aim to pay above market for talented employees.

Provide promotional and career development opportunities for employees within a system that includes career paths, succession planning, and on-the-job training opportunities.

Hold exit interviews to understand why a valued employee decided to leave the organization. If the reasons provide information about company systems that you can improve, make the changes that will better retain talented employees.

Research Supports Using Talent Management Strategies

In a study by the American Society for Training and Development (ASTD) in partnership with The Institute for Corporate Productivity (i4cp), the following practices were identified for their positive impact on successful talent management.

Obtaining support for talent management from top management

Standardizing talent review and feedback processes.

Appointing a single functional owner of talent management internally.

Developing an organizational culture that supports talent management.

Assuring consistency among the talent management activities.

Increase the visibility of talent management initiatives.

Further, the ASTD study identified these findings:

"High performing organizations tend to integrate talent management components more than low performing organizations.

"Learning executives play critical roles in major integrated talent management components.

"Many of the most effective integrated talent management practices are not widely used.

"Impediments to effective integrated talent management efforts include conflicting priorities, limited resources, non-supportive corporate cultures, incompatible organizational processes, and senior leaders who undervalue integrated talent management."

Therefore Talent management is one of the most important aspects of HR department. The Information Technology Industry deploy the talent management strategies to attract highly talented workforce required for the organization.

II. STRUCTURAL EQUATION MODEL (SEM) ON PERFORMANCE OF EMPLOYEES

Introduction of SEM

Structural equation modeling is a multivariate statistical analysis technique that is used to analyze structural relationships. This technique is the combination of factor analysis and multiple regression analysis, and it is used to analyze the structural relationship between measured variables and latent constructs. This method is preferred by the researcher because it estimates the multiple and

interrelated dependence in a single analysis. In this analysis, two types of variables are used endogenous variables and exogenous variables. Endogenous variables are equivalent to dependent variables and are equal to the independent variable.

The variables used in the structural equation model are

I. Observed, endogenous variables

1. Assessment of TMS
2. Impact of TMS
3. Performance of TMS

II. Observed, exogenous variables

1. Performance
2. Readiness
3. Willingness
4. Criticalness
5. Potential

III. Unobserved, exogenous variables

- 1.e1: Error term for Assessment of TMS
- 2.e2: Error term for Impact of TMS
- 3.e3: Error term for Performance of TMS

Hence number of variables in the SEM are

Number of variables in this model	11
Number of observed variables	8
Number of unobserved variables	3
Number of exogenous variables	8
Number of endogenous variables	3

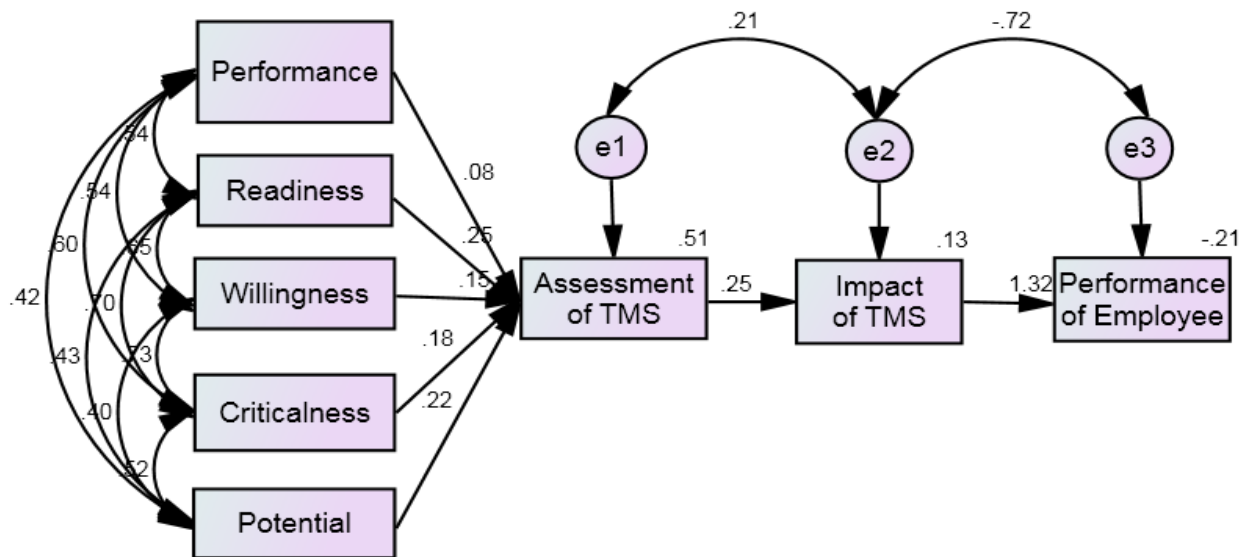


Figure 1 Structural Equation Model on Performance of employees

Table 1 Variables in the Structural Equation Model Analysis

Variables		Unstandardized coefficient	S.E.	Standardized coefficient	t value	P value
Assessment of TMS	<--- Performance	0.978	0.321	0.076	3.049	0.002**
Assessment of TMS	<--- Readiness	2.462	0.278	0.254	8.850	<0.001**
Assessment of TMS	<--- Willingness	1.620	0.316	0.152	5.120	<0.001**
Assessment of TMS	<--- Criticalness	1.831	0.347	0.178	5.271	<0.001**
Assessment of TMS	<--- Potential	1.778	0.183	0.223	9.694	<0.001**
Impact of TMS	<--- Assessment of TMS	0.109	0.013	0.245	8.543	<0.001**
Performance of TMS	<--- Impact of TMS	6.313	0.375	1.319	16.855	<0.001**

Note: ** denotes significant at 1% level

Here the coefficient of **performance** is 0.978 represents the partial effect of performance on assessment of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that assessment of TMS would increase by 0.978 for every unit increase in performance and this coefficient value is

significant at 1% level. The coefficient of **readiness** is 2.462 represents the partial effect of readiness on assessment of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that assessment of TMS would increase by 2.462 for every unit increase in readiness and this coefficient value is significant at 1% level. The coefficient of **willingness** is 1.620 represents the partial effect of willingness on assessment of TMS, holding

the other variables as constant. The estimated positive sign implies that such effect is positive that assessment of TMS would increase by 1.620 for every unit increase in willingness and this coefficient value is significant at 1% level. The coefficient of **criticalness** is 1.831 represents the partial effect of criticalness on assessment of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that assessment of TMS would increase by 1.831 for every unit increase in criticalness and this coefficient value is significant at 1% level. The coefficient of **potential** is 1.778 represents the partial effect of potential on assessment of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that assessment of TMS would increase by 1.778 for every unit increase in potential and this coefficient value is significant at 1% level.

The coefficient of **assessment of TMS** is 0.109 represents the partial effect of assessment of TMS on impact of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that impact of TMS would increase by 0.109 for every unit increase in assessment of TMS and this coefficient value is significant at 1% level. The coefficient of **impact of TMS** is 6.313 represents the partial effect of impact of TMS on performance of TMS, holding the other variables as constant. The estimated positive sign implies that such effect is positive that performance of TMS would increase by 6.313 for every unit increase in impact of TMS and this coefficient value is significant at 1% level. Based on standard coefficient, Readiness (0.278) is most important variable of assessment of TMS, followed by potential (0.223) and Criticalness (0.178). In IT industry talent is nurtured and developed always. The readiness of the employee to develop his talent is most essential requirement.

Table 2 Model fit summary of Structural Equation Model

Indices	Value	Suggested value
Chi-square value	15.615	-
P value	0.075	>0.05 (Hair et al., 1998)
GFI	0.960	>0.90 (Hu and Bentler, 1999)
AGFI	0.941	>0.90 (Hair et al., 2006)
CFI	0.945	>0.90 (Daire et al., 2008)
RMR	0.056	<0.08 (Hair et al., 2006)
RMSEA	0.069	<0.08 (Hair et al., 2006)

From the above table it is found that the calculated P value is 0.075 which is greater than 0.05 which indicates perfectly fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) value is greater than

0.9 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value is 0.945 which means that it is a perfectly fit and also it is found that RMR (Root Mean Square Residuals) is 0.056 and RMSEA (Root Mean Square Error of Approximation) value is 0.069 which is less than 0.08 which indicated it is perfectly fit.

III. CONCLUSION

The IT industry in Chennai comprises different workforces such as software and hardware engineers, managers, web developers, IT specialists etc., The skill sets providers seek for entry-level workers and mid-level workers also include project management, systems analysis and business domain skills. Providers expect entry-level workers to have foundational technical skills as well (e.g., programming & testing). Thus the IT industry is looking forward for these types of employees and recruit them.

REFERENCES

- [1] Carpenter, Mason, Talya Bauer, and Berrin Erdogan. Management and Organizational Behavior. 1. Flatworld Knowledge, 409. Print.
- [2] The War for Talent, McKinsey Quarterly
- [3] Michaels, Ed; Handfield-Jones, Helen; Axelrod, Beth (2001). The War for Talent. Harvard Business Press. ISBN 9781578514595.
- [4] Schein, Edgar. Increasing Organizational Effectiveness through Better Human Resources Planning and Development. Sloan Management Review, 1977, 19:1 p. 1.
- [5] <http://www.eremedia.com/ere/talent-management-defined-is-it-a-buzzword-or-a-major-breakthrough/>