Is Economic Crisis Forcing Organizations to Rethink their Talent Management Strategy? -An Exploratory Study of Some Indian Firm

Kumar Mukul, Kumari Ruchi[1]

Abstract

The major objective of the study was to get an insight of how various organizations are coping with the challenges of the recessionary times? Are the concerned HR people able to protect the best available talent, keep people motivated, instill confidence and feeling of job security among employees and attract the best talents available in the labor market? How do they weigh talent issues versus cost issues? The study also looked at situations where an organization has not been affected by this downturn and is still continuing to do well. Is it the case of crisis making them creative? Or is it just because of the domain of industry/nature of services that they have to offer which keeps them afloat in the rough weather?

One clear message which comes out of the study is that talent issues can't be ignored as a boom time luxury and whether organizations like it or not they cant ignore it. Forward-thinking organizations are rethinking the way talent management activities should be organized to improve its integration and alignment with specific business challenges. In the study we found that the challenges are different for different organizations; depending on the intrinsic nature of the organization, its management ability to cope-up with challenges and the domain in which they are operating. The recession is providing both opportunities and challenges to different organizations. The dynamics of competitive forces has been considerably changed and organizations are now forced to re-think about the talent issues.

***Keywords*: recession, talent management, innovative practices.**

[1] Academic Associates, Indian Institute of Management, Ahemdabad
kumarmukul@iimahd.ernet.in, kruchi@iimahd.ernet.in

Introduction

"A recession is too precious to waste. Recessions are times when we make changes in the way we do things — consciously or not. Although it would be smart to do it consciously, probably some of the most significant changes have just, well, happened." – Erickson, T (2009).

The economic recession has badly hit the organizations all over the world. Many organizations have been swallowed by the flow while others are striving hard to keep afloat and survive the onslaught. People are losing not only their jobs but also the confidence in themselves and their abilities to face the crunch. Perhaps no other time will be more crucial than this to examine what is happening with all the rhetoric related with 'talent' and 'human resources' coming from Management Gurus and esteemed B-School corridors.

Talent has come to be accepted as a business differentiator by most organizations and talented people are assurance for competitive advantage. Organizations have understood that there is no way but to plunge into the "war for talent" and show its skills in hiring, retaining and rewarding the best human resources available in the labor market. To be the best employer is to be the best in "talent management". But the downturn has put to test the resolve of even the most pragmatic and progressive employers. Talent management is at crossroads. In these tough times it takes a lot of courage on part of management to keep spending on 'talent' issues where the outcome from the investment is too vague, delayed or intangible. The prevalent economic scenario threatens to undermine the best practices in talent management as budgets come under scrutiny and prophecies are put to the test. It will soon bring the truth – whether organizations have merely been making noise of talent management and following the herd, or do the top management policy makers and strategists really commit to talent management as a business fundamental?

Economic Recession

"Fear of unknown is the worst fear of all. We know its going to be tough but we don't know just for how tough or for how long" - Jonlngall J.

In economics, a **recession** is a general slowdown in economic activity over a sustained period of time, or a business cycle contraction. Many professionals and experts around the world believe that a true economic recession can only be confirmed if GDP (Gross Domestic Product) growth is negative for a period of two or more consecutive quarters.

In US, a recession is said to occurs, whenever the National Bureau of Economic Research NBER says so. There definition is: a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.

During recessions, many macroeconomic indicators vary in a similar way. Production as measured by Gross Domestic Product (GDP), employment, investment spending, capacity utilization, household incomes and business profits all fall during recessions. Governments usually respond to recessions by adopting expansionary macroeconomic policies, such as increasing money supply, increasing government spending and decreasing taxation. The only real benefit of an economic recession is that it will help to cure inflation. Fiscal policy is usually trying to stimulate the economy as much as is possible through such things as lowering taxes, spending on programs, and ignoring account deficits.

A recession has many attributes that can occur simultaneously and can include declines in coincident measures of activity such as employment, investment, and corporate profits. A severe (GDP down by 10%) or prolonged (three or four years) recession is referred to as n economic depression, although some argue that their causes and cures can be different.

Global recessions - There is no commonly accepted definition of a global recession, IMF regards periods when global growth is less than 3% to be global recessions (Rogoff, 2002). The IMF estimates that global recessions seem to occur over a cycle lasting between 8 and 10

years. During what the IMF terms the past three global recessions of the last three decades, global per capita output growth was zero or negative (Miller, 2008).
Economists at the International Monetary Fund (IMF) state that a global recession would take a slowdown in global growth to three percent or less. By this measure, four periods since 1985 qualify: 1990–1993, 1998, 2001–2002 and 2008–2009.

Talent Management

The Oxford Dictionary defines talent as a special aptitude or faculty within individuals. It is the optimum use of this aptitude or faculty for organizational goal purposes which concerns talent management. Several recent articles in the practitioner-oriented literature describe “talent management” as “a mindset” (Creelman, 2004, p. 3); a key component to effective succession planning (Cheloha & Swain, 2005); and, an attempt to ensure that “everyone at all levels works to the top of their potential” (Redford, 2005, p. 20). Many attempts to have a general definition of the term has failed (Frank and Taylor, 2004, Vicere, 2005) or several authors/managers admit, “there isn't a single consistent or concise definition” (Ashton & Morton, 2005, p. 30). Nevertheless, almost all agree on the point that talent management is indispensable in the scheme of things for any successful organization. As Ashton and Morton note, *“good TM is of strategic importance.”*

Talent management is fast becoming a prime concern for strategists across organizations all round the globe. Talent has become the key differentiating factor for human capital management and for gaining competitive advantage. The various aspects of talent management are recruitment, selection, on-boarding, mentoring, performance management, career development, leadership development, replacement planning, career planning, recognition and reward (Romans and Lardner, 2006; Heinen and O'Neill, 2004; Scheweyer, 2004). Competition and the lack of availability of highly talented and skilled employees make finding and retaining talented employees major priorities for organizations (Fegley, 2006). The number one priority on the HR agenda is still to attract and retain key talent

(Towers Perrin, 2004). Or, said differently, among all the factors that could influence the effectiveness of organizations in the future, the foremost driver is ***talent*** (Buckingham & Vosburgh, 2001; Brown and Williams, 2003). Grounded within strategic HRM (Gratton, 2000; Becker *et al.*, 2001), the management of talent seems to be one of the key functions that HRM is playing strategically in organizations (Bhatnagar, 2004; Bhatnagar,2007).

The *Chartered Management Institute (2007)* developed a framework for understanding how organizations view talent management, suggesting different organizations seek to accomplish different objectives through their talent management programmes. CMI's framework cites 6 strategic perspectives as follows, which may help managers understand how talent management can be used to achieve the objectives of their own organization:

1. **Process perspective** (Farley, 2005) – managing and nurturing talent is part of the everyday process of organizational life.
2. **Cultural perspective** (Creelman, 2004) – talent management is a mindset, and a belief that talent is critical to an organization's success. As a result, the organization appreciates each individual's talent and allows talent to be developed as a matter of course.
3. **Competitive perspective** (Woodruffe, 2003) – organizations must identify talented people, find out what they want and give it to them in order to keep the best talent within their organization and not poached by competitors.
4. **Developmental perspective** (Wilcox, 2005) – talent management is about accelerated development paths for the highest potential employees. The same development process is applied to all employees, but 'talented' employees go through the process more quickly.
5. **HR planning perspective** (Mucha, 2004) – talent management is about having the right people matched to the right jobs at the right time and doing the right things.

6. **Change management perspective** (Lawler, 2005) – talent management is used as the driver for change in the organization, and can be a part of wider strategic HR initiative for organizational change.

There is another dimension widely discussed in academic/ corporate circle, i.e. **Operational Dimension.** The operational dimensions have been grouped into three areas:

(i) Defining Talent: Outling the size of talent pool, entry criteria, decision processes, permanency of definition, recruitment as a source of talent and transparency.

(ii) Developing Talent: Looking at developing paths, development focus, support, influence on career, connected conversation about talent, organizational values and risk.

(iii) Structures and systems: Describing performance management, talent management processes the use of technology, system flexibility and ownership of talent (Devine and Powell, 2008).

In general, *talent management involves searching and hiring suitable candidates for required job-fit, retaining the top performing employees and molding and mentoring them to meet the current and future requirements of the organization*. Though these challenges are as old as any human resource challenge, in an uncertain economic milieu as prevailing now, they take new dimensions.

Talent Management in Times of Recession

"A downturn can give small companies a chance to upgrade their talent. As deteriorating performance forces increasingly aggressive head count reductions, It's easy to lose valuable contributors, inadvertently, damage morale or company's external reputation among potential employees or drop the ball on important training or staff development programs" –The McKinsey Quarterly

Since the economic downturn of 2000, a broader definition of **talent management** has emerged .The competition for talent has become more strategic than ever before. Indeed companies in today's talent market face a curious paradox. In the **War for Talent**, Charles Fishman aptly observed, *"All that matters is talent. Talent wins …Leaders must add value as coaches, recruiting the most talented players and enhancing the skills of their current staff. It's the only way to be ready for the future, not just next month."*

To see the significance of talent management, one needs to look no further than the results of the Ernst & Young, 2008, "Global HR Risk survey". In that survey more than 150 global executives from Fortune 1,000 companies were canvassed, and talent management was seen as the HR risk with the greatest impact on an organization — and also the HR risk most likely to occur. These results are understandable, especially given the realities of globalization (Leisy, Bill and Rajan, 2009).

Employees are increasingly adopting the philosophy that their job security lies not in employment, but in employability. Bad management, a lack of training and poor career development is resulting in them leaving and moving on. "*The retention dilemma*" – how to keep your best, most talented staff who, in turn, will help your company fight a downturn – is about to cause a major headache for companies. Employee turnover, particularly in tough economic times, can drain the lifeblood of an organization. Although some employees might try to sit out a downturn, the best are always employable elsewhere. Consequently, companies still need to consider how to keep their best people – particularly given the huge cost involved when valuable people depart (Michael Hay, *Hay Group Limited, Windsor, UK, 2002*). Thus the challenge for most organizations, particularly in times of significant uncertainty is not one merely of retention, but one that also involves the motivation and engagement of talent.

It is widely understood that in times of redundancies, the individuals left are those trusted to 'pick up the slack' in meeting the objectives of the organization. They are expected to meet this new challenge whilst managing the emotions of loss for colleagues who have departed, and

guilt in being the ones who are left. It is essential for organizations in these most challenging of times to invest in their remaining talent and those who have the most potential to become the future leaders of the organization. In Jim Collins' book 'Good to Great', *one of the key differentiators between good and great organizations is their ability to recruit, develop and **retain** top talent.* Retaining best talent is perhaps the most critical part of talent management. Tommy Daniel, senior vice president at PDI says, *"It may seem counter-intuitive that organizations are more concerned with retaining key employees in a down economy. But, when the economy is tight, company leaders realize that the best and brightest talent can give the organization a competitive advantage. Unfortunately, with fewer resources, many employees are overworked and worried about the future and look outside the company for other opportunities. That's why focusing on the right retention tools is more important than ever"* (Soumya, 2009).
With the right support from senior leadership, recessionary periods can also catalyze the emergence of **dormant talent** within organizations. Todd Dewett, author of *Leadership Redefined* (TVA Inc., 2008) says: "*Rely more heavily on **internal resources**. To the extent that they exist, use internal professionals to develop and deliver training that is currently outsourced* (Adkins, 2008)."

In the face of complexity created by the turbulence, volatility and uncertainty in the global economy, the Indian companies find itself in a state of flux and it has brought talent management in the spotlight- mostly for good reasons or sometimes for neglect. But it can't be ignored. The condition brings companies at crossroads from where they have to chose a path- either they prove commitment to talent or neglect for some short term benefits and perish in the long run. The war for talent is here to stay- recession has just given it a new dimension and shape.

Objectives of Study

The major objective of the study was to study how various HR departments across organizations are doing in times of downturn? How are they changing their approach in the present context - do they still believe in the old ways, they are used to, or are they coming up with some innovative ideas to deal with the situation? *Are they trying just to survive or do they have the pragmatism to still think strategically and plan for future*? How do they weigh talent issues versus cost issues?

The study also aimed to look at situations where an organization has not been affected by this downturn and is still continuing to do well. What is the scenario there with regard to HR and specially talent management? Are they doing something different to get the best out of the worst scenario? Is it the case of crisis making them creative? Or is it just because of the nature of services that they have to offer which keeps them unaffected by the bad times?

Methodology of Study

Being exploratory in nature, our purpose was to have some insights on the above objectives rather than coming to definitive conclusions. Our intention was to gain some directions through the responses to these open ended questions so that if we proceed further in our research we have structured research questions framed.

Most of the respondents were generous enough to spend time talking about the issue and were quite forthcoming in their responses even though they were speaking about their company policies (which could be sensitive issues). Some showed reservations and agreed to talk on condition of anonymity and assurance that the confidentiality shall be maintained (specially regarding their names). We have tried our level best to capture their experiences, as they expressed, many times in their own words (through quotes etc.), often supplemented by observations and insights from our own understanding.

Sampling

Sample selection has to be in sync with the purpose of study. The respondents for our study were selected through purposive and snowball sampling. For example our research being exploratory in nature and the purpose was not to generalize, purposive sampling suited quite well. Again since we began our study with few contacts and got links from them for further interviews, there were shades of snowball sampling as well in our methodology.

The study was conducted through qualitative interviews (open ended questions) conducted face to face, on telephone or through e-mail. On the whole we talked to concerned people of about 15 organizations cutting across different sectors. Most of the people we talked to were mostly high ranked people in their respective organizations with awareness about company situation and policies and also majority of them had a role to play in strategy formulation. They were involved in some ways in the mainstream of company proceedings related to recession and talent management. Some of them were directly from the HR department of the organization while others were involved in HR policies owing to their position in the organizational hierarchy.

Particulars of the firms are briefly described below:

Respondent Number	**Organizations**	**Designation**	**Sector**	**Location of Office**
1	HSBC	Manager	Banking	Hyderabad
2	ABN-AMRO	Manager	Banking	Mumbai
3	IDBI	Asst. Manager	Banking	Mumbai
4	SBI	Manager	Banking	Ahmedabad
5	Standard Chartered	Manager	Banking	Mumbai
6	IKOA	Design Engineer	Semiconductor	Hyderabad
7	BSNL	DGM	Telecom	Ahmedabad
8	PINC	Manager	Financial Services	Mumbai
9	CRISIL	Senior Analyst	Financial Services	Chennai

10	Jindal Steel	HR-Executive	Manufacturing	Mundra
11	TATA Motors	Asst. Manager	Manufacturing	Pune
12	ELECON	Manager	Manufacturing	Ahmedabad
13	CIGNEX	HR-Head	Software	Ahmedabad
14	Kalpataru	AGM	Construction	Mumbai
15	Adidas	RM	Consumer durable	Bangalore
16	Rajasthan Textile Mills	HRD-GM	Manufacturing	Jaipur
17	SENA System Private Ltd.	Technical-Head	Software	Pune
18	GSPC	Assistant Manager	Oil & Gas	Gandhi Nagar
19	ONGC	Senior Geoscientist	Oil & Gas	Dehradun

As seen above, the sample captures companies from different sectors so that diversity can be maximized to gain a general insight of the talent management issues faced by the companies during the recessionary period.

Data Collection Method and Analysis

The method used was unstructured interview with the respondents (both from public and private organizations). We have captured their experiences, often in their own directly attributable words, supplemented by observation and insights of our own. The companies were drawn from a wide cross section of industries (both private and public sector) from financial to manufacturing to consultancy to software solutions and Training and Development. Companies were based mostly in major cities like Ahmedabad, Mumbai, Hyderabad, Bangalore, etc. For the companies located in Ahmedabad the interviews were tape-recorded and then transcribed. For the companies located out of Ahmedabad, the interviews were done over telephone and transcripts were made based on the interviews. Some responses were through e-mails. All interviews were personally conducted by us. The interviews were conducted more as a discussion so that it makes the respondent comfortable. The respondents were assured before the interview that information shared will be confidential (in case they wish) and would be used for research purposes only to ensure that they share their experiences more freely. Only those names have been cited in the paper that had no objection to it.

Findings and Discussion

After having discussions with various organizations on questions mentioned under research questions we have found some uniformity and some idiosyncrasies in responses. Severity of impact of recession varies from organization to organization. Some were badly hit, some were moderately hit while some others were not at all hit-rather benefited by recession. As far as HR practices and talent management is concerned, in times of recession organizations in the studied continued with some old practices, stopped some old practices and started some new ones. For example the **public sector organizations** that we talked to (like BSNL, ONGC, and SBI etc) seem to have been hardly hit and perhaps gained in some ways. Moreover they have continued with most of the usual business practices, just adding some innovative measures in some cases. On the other hand the **private sector organizations-** like those in the service sectors- that we contacted (like IDBI, Axis Bank, Standard Chartered Bank, Ikoa Semiconductors, SENA Systems Pvt. Ltd. etc) were severely hit by recession and they had to rethink their usual business operations to survive the tough period. Perhaps the worst of the lot are the **start up companies**. A **Mid-level official at IKOA Semiconductor says**, "*"For the startup company recession is just like the snatching a bread from a beggar"*. However even in the private sector some companies who have been innovative (like HSBC, Cignex) have done decently in these times. But sometimes it is the nature of the service that they provide (Like Cignex providing customized software solutions with cost factors of clients in mind) has come to their rescue. In general its not gloom all around as it seems to be given all the negative talks going on regarding recession. Recession's impact is quite sectorial and selective and again vindicating Darwin's eternal law *of "Survival of the Fittest"*. As one of the respondents in our study aptly puts it, "*This is the time when you will see the proper categorization of good things and bad things. Inefficient and incapable person/system will exit and the good things come in the organization. Post recession, good companies get benefit on others who did not perform well. So it is the big role for the management in recession per se*." (In the words of a manager at PINC Research, Infinity.com Financial Securities Ltd., Mumbai).

If we talk of what companies are doing in terms of basic HR practices like **recruitment, compensation, and retention**_again some kind of pattern emerges from the responses. For example only few companies are talking of hiring more people, most of them being PSUs like SBI, BSNL, etc. Taking the case of largest public sector bank of India, SBI, it has not gone for retrenchment and is going ahead with plans for recruitment. According to a **Senior SBI official** *"Because of recession the quality of talent applying for new positions has increased manifold (because of more labor force in market) and SBI is utilizing this opportunity by attracting better talent."* SBI case is interesting pointer towards differential impact of recession on different sectors. To quote the branch manager, "*What other banks are losing, SBI is getting! Customers are losing confidence in many of the private banks in these times and SBI is capitalizing on the opportunity. While other banks are kicking off employees, we are recruiting. SBI is moving ahead with plans of expansion*."

Similar finding we had with GSPC Gas Company. As per Assistant Manager, GSPC Gas Company: *"In our organizations, the impact of the recession on the employment landscape is positive. At boom time* *we usually battle against private companies for the brightest youngsters. We always face skills shortages so this period is an opportunity for us to recruit more number of people."*

But all companies don't find themselves in such comfortable situation. Many organizations have either freezed recruitment or cut down on new intake. For example Jindal Saw Pvt. Ltd., Kalpataru Group, SENA System Pvt. Ltd., Standard Chartered Bank, AXIS Bank, **PINC Research, Infinity.com Financial Securities Ltd.** had all had to cut down on intake of manpower.

Some companies not only freezed recruitment they also done some **downsizing** for example Rajasthan Textile Mills,Kalpataru group, PINC Research, Infinity.com Financial Securities Ltd. To overcome the loss of manpower due to head cutting many have gone for consolidation and reshuffling and multiple roles for example AMN AMRO SBI, Kalpataru, HSBC has clubbed many operations after freezing of employment and shutting down non-profit operations. Similarly SENA System lost many projects and are trying to diversifying the knowledge of existing employees to overcome the loss. Some companies have been forced to **increase the work pressure** of existing employees to compensate for the less manpower as pointed out by the case of CRISL and GSPC. At Rajasthan Textile Mills, the strategy is of **"Job Enlargement"-** they are increasing the work area of existing workforce to compensate for loss of people.

Compelled by market situation to cut down on intake**,** grooming the existing talent seems to be the new mantra for **"retaining"** and developing talent in organizations as was seen in case of ADIDAS, IKOA, SENA Systems in present study. To put a check on retention companies like HSBC and SBI are promising fast track promotions to keep the employees aspiration level high.

Compensation of the employees has become critical in recession. As the revenue dwindles the organizations have to make sure that cut in compensation doesn't demotivate the employees. Many private companies had no option but to cut-down the **bonuses perks and other welfare expenditures** as in case of IDBI Bank, PINC Research, Infinity.com Financial Securities Ltd**,** Jindal Saw Pvt. Ltd. etc. Here the skills of HR are tested as to what part of compensation would face the brunt first. For example IDBI has cut on offsite training and air-travel. AXIS bank has restricted ESOP option only to managerial grade. However some private companies have gone against the trend and given a hike to keep up the motivation level of leftover employees as was seen in the case of ADIDAS. Same is the situation with **salary.** While most of the PSUs have left the salaries untouched even if the hikes are not as usual, many private companies had to cut down the salaries to survive in lesser revenue scenario**.** For example take the case of IKOA where management has cut down the salary of employees with the promise to remunerate that amount later. Similarly PINC Research, Infinity. Com has also cut down salary (according to them variable salaries have been cut). Kalpataru Group also had to do the same.

Appraisal Systems are also being reworked. For example to combat recession, SENA Systems has limited Employees' appraisal to few employees who outperform their work and that was very less around 4-5%hike in comparison with normal 12-14% hike. The average hike is 3-5% Merit based appraisal- Tata Motors (use of merit allowance). BSNL is also revamping its appraisal system and is adopting 'Balanced Business Score Card' on the lines of Tata group.

Providing customized, cost effective solutions to clients has helped many to save cost and develop specialized talent as per the clients' needs. For example at BSNL, corporate houses are being kept in mind (who are looking for cost reduction in these tough times) while designing new services in order to increase their market reach. Similarly at CIGNEX, they are focusing more on cost effecting solutions and even hiring talented people with such skills, or training employees for such skills, and are getting more specialized in their output- *in some way they are seeing this period **as an opportunity to create their own niche market.***

If we are talking of talent management then development of talent becomes a big issue. In HR practices it is **Training and Development** which is the main source of value addition to the existing talent. But the concern of cost is there. In recessionary times the major issue facing the organizations is the dilemma of whether to save cost by reducing T&D expenditure or to invest in it to beat the competition and reap the rewards when good times return. Investment in development is said to be the best safeguard in tough times, most potent tool to combat rivalry and sail against the tide. As the Design Engineer at IKOA Semiconductor (company though hit by recession has carried on with its T&D initiatives) puts it, *"Training and development is the success mantra for technology based companies because their future is based in presents so no compromise on that front even at this critical period."* Similarly Technical Lead at **SENA Systems Pvt. Limited** while talking about their organizations policy said that they are planning to offer technical training of those technologies which are important for the future but they don't have exposure to that technology till now. So development of talent for future is on the minds of prudent managers even in these tough times. But cost concerns have forced many of the organizations to cut down on their regular T&D programmes (like in case of Jindal, Rajasthan Textile Mills) while some others are coming up with new strategies in the area. For example, Kalpataru (Construction Company) has tied up with management institutes for employee training programmes. Rajasthan Textile Mills are going for in-house training to cut expenses. On the same lines IDBI has reduced offsite trainings. Tata Motors is also going for more "**in-house soft-skills development programs**".

Many **Innovative Ideas/strategies** are coming up from organizations in times of Recession. Many companies are innovating to search for cost effective talent search and talent allocation. For example HSBC is going for more **"Internal Job Advertisement"** while Kalpataru Group is **hiring ex-employees**. Apart from talent search there is the concern of proper placement of talent for optimum utilization. Organizations are trying to reorganize there structure and rework on role allocation to have proper balance across departments. For example At Jindal Saw Pvt. Ltd., Mundra, the management has come up with the strategy of **"Reshuffling"** of employees- taking employees from places where they are in excess to places were recruitment was to be done, and hence holding on fresh intake. *Work from home*, *Flexible work Hours*, using *Management Assessment Centers* for employees' competency assessment are some other HR practices which has come to fore and many established organizations (like HSBC) are giving prime attention to them.

Tough times have made some organizations undergo Image Change in terms of work culture and external customer perception. For example SBI is thinking of a strategic approach to combat recession. It is going ahead with a new concept called **"Parivartan"** which is about bringing in a change in the perception and mindset of customers pertaining to traditional image of Public Sector Banks. According to SBI officials this is first of its kind in Indian Banking. So recession has triggered innovative thinking in SBI and top management is coming up with innovative strategies like "Parivartan" to not only fight economic downturn but use it as an opportunity to capture more market-some of which has been lost by private sector banks.

Some Organizations are more and more concerned about the **Knowledge Diversification** of employees' skills and for that more focus on training and development aspect (SENA System Private Limited) .They have come up with the idea of KT (**Knowledge Transfer**) - where Knowledge Transfer sessions are held to share knowledge across sections of company for cross-fertilization and greater enrichment. CRISIL and ABN AMRO Bank are also talking of such Sharing of knowledge across verticles/sections. According to Technical Lead at SENA Systems Pvt. Ltd. "The organization is having fewer projects and projects that were already signed are also put on hold. With these few projects the company is trying to diversify the knowledge of the employees. They are planning to offer technical training of those technologies which are important for the future but they don't have exposure to that technology till now."

In TATA Motors there is no major change on compensation and perks, the only change was review period was changed from April to July, thus saving 3 month perk that company offered to employs, Introduction of ***"Merit Allowance****-Shift in appraisal system from basic salary to performance"* is a new initiative that leads to cost saving. Thus increment was not as big and thus again some funds were saved.

Kalpataru Group has come up with a very innovative idea of **Mentor-Mentee relationship** within the organization to identify leaders, building future talent-leaders for tomorrow. In this process few potential leaders are chosen from different departments based on their performance and are allowed to work in close association with the top management who work with them with the aim of shaping them as capable successors. Even HSBC and SBI are giving more focus on mentoring roles to gain long term strategic edge.

Kalpataru Group has also initiated an innovative activity of "**combining CSR with employee engagement"** —while some find it a de-stressing experience, others feel a stronger bonding to the organization. It tried to ensure that its employees someway or the other feel involved with the philanthropic activities being undertaken by the company. In words of Assistant General Manager of the company, *"Participation in such activities helps in "brand building" and gives a great level of* ***satisfaction, belongingness and enrichment*** *for the employees as well."* To cope with recession the management at Kalpataru Group has tried to develop a **learning and development culture.** Despite being hit by recession the focus on talent issues remain intact according to the AGM of the company. In his own words, *"Kalpataru Group believes in the credo of 'No Compromise', even at this time we are able to give opportunity to everybody. Our main motive is to develop the open, demanding and freedom to operate culture".*

Conclusion

For most firms, strategic response to a recession is no simple matter; it is complicated by the inherent nature of recessions (Bigelow and Chan, 1992). In our study the response was quite diverse depending upon the sector/industry type, nature of there work, life span, private or public control etc. For example, there were some organizations which saw the downturn as a blessing in disguise, may be because of the nature of services they provide. For example the telecom related companies (like BSNL) or software solutions companies (like Cignex). They think they have not been hit by recession as the other companies and in some way have even been rather helped by it. Similarly in banking sector while most of the private sector ones are trying to survive SBI management is going ahead with its growth plans. Some new companies are on fringe of being uprooted before establishing themselves while established ones are fighting to stay afloat and made to feel like a new-comer searching for markets. Reworking their structure, redesigning roles, multiple roles, job enlargement, consolidation and diversification, or going for niche markets are some ideas which are making them survive. Complacency is the last thing established organizations can afford.

Recession is forcing organizations to rethink the distribution of limited resources at hand. They are trying their best to channelize the available resource to maximize production and maintain growth. Development of talent through investments in training programmes and learning new technical or soft skills are being taken seriously-again emphasizing the seriousness of talent issues in today’s times. Some organizations, we talked to accept this reality while others were too adamant to accept this and kept on emphasizing that their organization understood the importance of long term development needs to cut on these necessities.

One important thing which is to be noted and which was supported by the views during the study is that when it comes to economic rough times, activities which are not directly responsible for revenue generation are first to catch the eye of management for cost cutting and budget cuts. And this puts HR in the fore front to face the brunt.

From the study we make following conclusions:

- *Alignment of Talent management strategy with the business strategy* is crucial: Talent Management must be one of the strategic level considerations.
- *Focus on Foresight must not be lost. Just survival is not a good enough strategy- focus should be on period after the recession also*. Short term benefits through easy cost cutting methods can not overshadow the long term consideration; unnecessary head cutting may prove costly in the long run as it amounts to loss in trained and specialized workforce. After the downturn the organization might be forced to buy similar labor at higher cost.
- This is the correct time to *invest in harnessing the potential of employees*- may be through productive investment in their training and skill development programmes.
- *Overburdening the existing employees to compensate for lay offs might back fire and de-motivate employees for worse.*
- Tough times are forcing organizations to come up with many **innovative ideas**, this positive trend must be encouraged.
- Downturn has made organization to invest their limited resources into best channels. There should be proper strategy related to **wastage reduction** in the domain of talent by sorting out useful from useless and investing in useful ones.
- *Employee engagement and retention will be the acid test for organization leadership*: The recent period of turmoil has forced leaders of the organizations to make an abrupt transition from "riding a growth" to "managing a downturn". Leadership must have contingency plans ready for such periods.
- *All missions need not be reconsidered*: Although many companies are consolidating learning & development, training programs, operations in the downturn but prudent ones are not compromising with their values and mission, as it should be.
- *One must be ready to look beyond the numbers*: Besides money transparency, involvement of top management, simplifying the HR processes, learning about best practices,

innovative CSR initiative, flexibility, sense of belongingness, trust & decentralized decision making are the key factors to keep the high motivation level of employees.

Study Limitation: Our study being an exploratory; the main limitation of our study is that its findings cannot be extended to wider populations with the same degree of certainty. This is because the findings of the research are not tested to discover whether they are applicable to wider area or appeared in the study by chance. The purpose of our study is to provide comprehensive, focused and selective description of few chosen areas. No attempt is made to assign frequencies to the features which are identified in the data.

Implications of the study: Since the advent of liberalization and integration of world economy, no economy can remain aloof and greater are chances of recession happening frequently in such an environment of high interdependence. Awareness of the situation and learning from each others experiences can be one of the best safeguard organizations can adopt as a precautionary measure to fight recession. Talent is going to be the issue separating quality from mediocrity, as it clearly comes out from our study. Though small in nature this study has great implications for future research. Research in the areas of talent management and especially in tough economic times is going to increase and our humble effort just is indicative of the trends.

Concluding Words: The overall message emerging from our study is quite clear, simple and easily comprehensible if look from the prism of talent management. Companies have no option but to focus on people issues- either voluntarily, driven by good wisdom and pragmatism or involuntarily, forced by economic concerns. Even if some companies chose to cut down on heads as easy option to cost cut they are forced to get the best out of the employees left with them. And here their leadership skills come to test to motivate them left outs and make them feel secured to give their best. So talent management gets into the picture anyhow. Those companies which choose to turn their back on developing people could suffer the consequences once things get to normalcy. "It is necessary not just to survive in this period but also to prove as a powerful organization post recession (Soumya, 2009)."

Talent management, once considered as another of those human resources 'rhetoric', is now being understood in a better way and being categorized along with the other business fundamentals. But along with this recognition comes additional pressure to prove itself as a reason for growth and profitability- to be output/result oriented. In tough times, as those prevailing now, further adds to the complexity and puts management into doubts as to trust the these 'best practices' for profitability which is not always tangible and immediate or to take the easy root and cut down expenditure on them. Most of the companies in this study remain fully committed to hiring, retaining and developing their employees and see talent as a major factor in the success of their business. The prudent ones don't see the period as a bad phase or curse and rather see this as an opportunity to make their mark and moved ahead in the race. Best talent management idea in this challenging climate involves taking positive steps to rise above the competition and emerge ready to take advantage in the upcoming good times rather than just worrying about surviving the present downturn.
To conclude we would like refer to the Chinese symbols were "crisis" represents both "danger" and opportunity" – the choice is ours!!

References

Adkins, T. (2008)." Recession or Not, Talent is More Important than Ever," American Management Association.(http://www.amanet.org/training/articles/Recession-or-Not-Talent-Is-More-Important-Than-Ever.aspx)

Atesoglu, H. (1995). "An explanation of the slowdown in US Economic growth," *Applied Economics Letters,* April, 2(4), 91-94.

Barrett, G. (1990). "Survival Tactics for a Business Slowdown," *Journal of Accountancy*, November, 170(5), 40-44.

Berger, L.A.and Berger, D. R. (2009). “The Talent Management Handbook-Creating organizational excellence by identifying, developing and promoting your best people” *TMH Publication*.

Bhatnagar, J. (2007).”Talent management strategy of employee engagement in Indian ITES employees: key to retention,” *Employee Relations*, Vol. 29, No. 6, pp, 640-663.

Brown, J., and Williams, L. (2003). “People: HR’s Bottom-Line Asset,” in Human Resources in the 21st Century, eds. Marc Effron Robert Gandossy, and Marshall Goldsmith, John Wiley & Sons, Inc.

Bigelow, R. and Chan, P. (1992), "Managing in difficult times", *Management Decision*, Vol. 30, No. 8, pp.34-42
.

Capppelli, P. (2008). “Talent Management for the Twenty -First Century”, *Harvard Business Review*, March 2008, 74-81.

Chartered Management Institute, (November 2007). Talent Management: Maximising talent for business performance (www.management-standards.org)

Devine, M. and Powell, M. (2008). “Talent Management in the Public Sector”, the Ashridge Journal, Autumn 2008, pp 1-6.

Encarta World English Dictionary [North American Edition]. Microsoft Corporation. 2007.

Erickson, T. (2009). “How the Recession Is Changing Talent Management” in *The Washington Post*, June 23, 2009.

Eslake, S. (2008)."What is the difference between a recession and a depression?" downloaded from http://clubtroppo.com.au/2008/11/23/what-is-the-difference-between-a-recession-and-a-depression/

"Financial Check Glossary". Bloomberg.com. 2000. http://www.bloomberg.com/invest//glossary/bfglosr.htm. Retrieved on 19 November 2008.

Hay, M. and Windsor (2001). "Strategies for survival in the war of talent," *Career Development International,* 7(1), 52-55.

http://recession.org/definition

John, A. P. and Steven, M., C. (2006). "Strategies to Prevent Economic Recession from Causing Business Failure," Business Horizon, May June, 49(3), 201-209.

Julius, S. (1974-12-01), "The Changing Business Cycle", *New York Times*: 222

Lakshman, A. and Banerji, A. (2008). "The risk of redefining recession," CNN. http://money.cnn.com/2008/05/05/news/economy/recession/index.htm.

Latham, S. (2009). "Contrasting Strategic response to economic recession in start-up versus established software firms," *Journal of Small Business Management*, (2009) 47(2), 180-201.

Leisy, B. and Rajan, N.S. (2009). "Tackling Global Talent Management during a Recession," *Workspan*, March, 2009. (www.worldatwork.org)

Merriam-Webster Online Dictionary. http://www.merriam-webster.com/dictionary/recession. Retrieved on 19 November 2008.

Miller, R. (2008). "Global Recession Risk Grows as U.S. `Damage' Spreads (Update2**),"** Bloomberg.com downloaded from http://www.bloomberg.com/apps/news?

Miller, D. C. and Salkind, N. J (2002). "Handbook of Research Design and Social Measurement" Sage Publication.

Neuman, W. L. (2000). "Social Research Methods-Qualitative and Quantitative Approaches," Allyn and Bacon.

Rigby, D. (2001) "Moving Upward in a Downturn," *Harvard Business Review*, 99-105.

Rivers, W. (2008). "Eight Steps to Coping in a Recession," *family business institute…strategy, success, sustainability,* Oct. (2008), 1-2.

Rogoff, K. (2002)."The Recession that Almost Was." International Monetary Fund, Financial Times, April 5, 2002.

Soumya, N.S. (2009) **–** "It is time to tighten the belt, nurture talent "- in The Hindu- Wednesday, Feb 18, 2009.

Stephen, H. (2009). "Talent Management at the Crossroads" *Maynard Leigh Associates,* April.

Sydney, R. R. and Dayal, V. (2009). "When Less Is More: Managing Human Resources With Reduced Staff", *Compensation & Benefits Review,* sage publication,21-26.

Tamargo, J. L. "Magical recipes for talent management in recession ?,"pp.1-2

Tucker, E., Rao T. and Verma, N. "Next Generation Talent Management-Insight on How Workforce Trends are Changing the Face of Talent Management," *Hewitt Associates,* pp 1-25.

Wensley, A. (2001). “Tackling the Coming Slowdown?” *Knowledge and Process Management*, April, 8 (2),63-64.

Yoshikawa, T. (2000). “Meltdown: Asia’s Boom, Bust and Beyond,” *Asia Pacific Journal of Management*, Dec.17 (3), 561-563.

Annexure: I.

Questions Asked during interviews:

1) How the recession has hit your organization? Any comparison with other organizations?
2) How is it coping with it?
3) How is it managing the “Talent issues” (like retention, attrition, motivation, Training and Development etc) during economic downturn?
4) Have you done contingency planning to identify your potential risks and the affects of a recession on your business or function?
5) What has been the impact on employees compensation/perks (any other benefits)/appraisal?
6) Any innovative HR strategies that your organization is using etc.?
7) What about communication system in your organization: Is it episodic (informal, occasional and not very candid) or strategic (transparent: open discussion, formal, regular and candid) these days?
8) What kind of role leadership is playing at this time in your organization?
9) At this current economic circumstance, improving efficiency is critical, what your organization is doing for this?

10) How is your organization keeping up employees' motivation level high when commitments of time have increased even if their financial contributions have not?
11) Has your company made any redundancies in last 12 months?
12) Where is the Talent Management policy decided? Board/HR/All Staff?
13) Do you think Talent Management in your organization is linked with Business strategy?
14) What is the main focus of talent management strategy? Is it about developing the potential of all employees or about succession planning?
15) What are the drivers of employees' engagement? Pay/Challenging Job/Good company/Communication/Fast track development?
16) Have you cut training & development during recessionary period?
17) Did your strategy include any proactive measure for period after recession?
18) Any noticeable impact on employees' behavior after recession?