

## TALENT ACQUISITION – A CHALLENGE FOR THE PSUs

**Dr. Rashi Garg**  
Academic Associate,  
IIM Indore

### **ABSTRACT**

In India public sector is a powerful tool for economic growth. Various studies on the human resource management challenges faced by the public sector leaders points out that search for talent is becoming more and more competitive. Talent acquisition in Indian PSU's is affected by factors like pay and compensation structure, job satisfaction, company's image, availability of jobs in MNC's, opportunities for personal growth , etc. Present study attempts to delve deeper into these factors to provide solutions that can make public sectors more efficient and effective and can help in enhancing their attractiveness to prospective applicants.

**Keywords:** *GDP ,Competitive era , Strategy ,Compensation ,Brain drain ,Job satisfaction, Corporate culture*

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### INTRODUCTION

The public sector in India is a powerful instrument of economic growth and it has made noticeable contribution towards the growth of Indian economy. Not only it has taken up projects involving highly sophisticated technology and difficult construction but also contributed to India's revenue by its export earnings and import substitution. Public Sector Undertakings (PSUs) have also contributed in the industrial development of the country. This sector is less concerned with making profits and is more focused in nation building activities, which take the economy in the right direction.

Contribution of the Public Sector Units to the country's GDP is more than 22%, towards direct and indirect tax collections (2011–2012) is over 20 % and around 6 % of the total employment in the organized sector. Several PSEs have transformed into world-class organizations. Their outstanding performance is reflected in the Fortune Global 500 list for 2009 ,where out of the seven Indian companies which were selected , five were PSEs" (Jain & Yadav, 2005).

In India the public sector provided employment to millions of people to curb unemployment. Also it provided job security to many people by taking over many sick units. It is evident from the following table that this sector accounts for approximately two third of the country's total employment in the organized sector:

**Table 1: Employment in Organized Sectors – Public and Private**

|                      |                                       | Lakh persons as on March 31 |             |             |
|----------------------|---------------------------------------|-----------------------------|-------------|-------------|
| <b>PUBLIC SECTOR</b> |                                       | <b>2000</b>                 | <b>2010</b> | <b>2011</b> |
| <b>A</b>             | <b>By Industry</b>                    |                             |             |             |
| 1                    | Agriculture, hunting , etc            | 5.14                        | 4.78        | 4.77        |
| 2                    | Mining & quarrying                    | 9.24                        | 11.03       | 10.90       |
| 3                    | Manufacturing                         | 15.31                       | 10.66       | 10.16       |
| 4                    | Electricity, gas and water            | 9.46                        | 8.35        | 8.31        |
| 5                    | Construction                          | 10.92                       | 8.59        | 8.47        |
| 6                    | Wholesale & retail trade              | 1.63                        | 1.71        | 1.70        |
| 7                    | Transport, storage & communications   | 30.77                       | 25.29       | 23.84       |
| 8                    | Finance, insurance, real estate, etc  | 12.96                       | 14.13       | 13.61       |
| 9                    | Community, Social & personal services | 97.71                       | 90.51       | 90.95       |

|          |                                       |               |               |               |
|----------|---------------------------------------|---------------|---------------|---------------|
|          | <b>Total</b>                          | <b>193.14</b> | <b>175.05</b> | <b>172.71</b> |
|          | <b>PRIVATE SECTOR</b>                 |               |               |               |
| 1        | Agriculture, hunting ,etc             | 9.04          | 9.23          | 9.18          |
| 2        | Mining & quarrying                    | 0.81          | 1.61          | 1.32          |
| 3        | Manufacturing                         | 50.85         | 51.84         | 53.97         |
| 4        | Electricity, gas and water            | 0.41          | 0.64          | 0.70          |
| 5        | Construction                          | 0.57          | 0.91          | 1.02          |
| 6        | Wholesale & retail trade              | 3.30          | 5.06          | 5.46          |
| 7        | Transport, storage & communications   | 0.70          | 1.66          | 1.89          |
| 8        | Finance, insurance, real estate, etc  | 3.58          | 15.52         | 17.18         |
| 9        | Community, Social & personal services | 17.23         | 21.40         | 23.50         |
|          | <b>Total</b>                          | <b>86.46</b>  | <b>107.87</b> | <b>114.22</b> |
| <b>B</b> | <b>By Gender</b>                      |               |               |               |
|          | <b>PUBLIC &amp; PRIVATE SECTOR</b>    |               |               |               |
|          | Male                                  | 230.37        | 228.49        | 230.45        |
|          | Female                                | 49.23         | 58.59         | 59.54         |
|          | <b>Total</b>                          | <b>279.60</b> | <b>287.08</b> | <b>289.99</b> |

(Source: <http://business.mapsofindia.com/sectors/public/>)

To achieve the desired socio-economic objectives and maximize long-term goals government revises its strategies time to time for the public sector. Titles like Maharatna , Navratna and Miniratna are given to the public sector companies having comparative advantage. They are given more powers so that they can improve their performance.

Though government provides PSUs the necessary flexibility and autonomy to survive and grow in this competitive era still there are many areas in which PSUs are lagging behind the private sector or the world economy.

Some of the major challenges for the PSUs are managing globalization, talent acquisition and retention, staffing, compensation, managing technological trends, developing leadership skills, developing work ethics, managing inter-functional conflict, managing diversity, etc.

The need of the hour is to focus on public sector - which is a powerful tool for economic growth of India. Various studies on the human resource management challenges faced by the public sector leaders points out that search for talent is becoming more and more competitive. As this issue of talent acquisition is demanding attention, present study attempts to delve deeper to find factors affecting the talent acquisition so as to provide solutions that can make public sectors

more efficient and effective and can help in enhancing their attractiveness to prospective applicants.

Talent acquisition is an ongoing strategy to find experts, leaders, or future executives for a company. It tends to focus on long-term human resources planning and to find suitable candidates for positions that require a very specific skillset.

Talent acquisition is an important issue that demands attention. An organization can be successful if it attracts and retains highly educated and skilled candidates whose performance, motivation and experience can be helpful in achieving goals of the organization. (Schweitzer & Lyons , 2008).

According to Phillips (1998), when applicants feel that their Knowledge, skills and abilities are matching the job requirements, they accept a job offer.

Bhati & Manimala (2011) was of the view that the talent resourcing process should be well defined and well executed because it leads to better employee engagement and improves productivity and finally yields consistent and compliant results.

Barney (1991) examined the link between firm's resources and sustained competitive advantage. A firm can attain sustainable competitive environment if it has a unique human resource pool that cannot be imitated or substituted by its rivals.

There is a lower emphasis on talent acquisition in Indian public-sector organizations. A very formal and structured approach is adopted. For all the new posts advertisement is given in a state-run 'employment exchange" or in a state-run 'employment news" paper. Advertisement is done more externally to recruit their managerial staff. Sometimes the recruitment agencies are used to fill the managerial positions. Moreover, they are more likely to recruit their managerial employees as apprentices. (Budhwar & Boyne, 2004).

Budhwar & Boyne (2004) conducted a survey on 137 manufacturing firms ( Public sector and private sector) and compared the policies of Indian public and private sector organizations with regard to human resources. In case of recruitment public sector organizations adopt a professional approach (based on formal rules) whereas in private sector social contacts and personal relationships affect the process of recruitment, benefits, promotions and transfer.

India is a rich source of a low cost workforce, with a high level of technical and managerial talent. Indian human skills are in great demand around the globe by the multinational giants

which results in brain drain. The availability of new jobs in MNCs for the Indian talent resulting in a higher turnover (Budhwar et al., 2006), has made the organisations to revise their strategies to stop brain drain and to lure bright minds.

The gap between compensation structures is widening between public and private sector. This disparity needs to be controlled, otherwise the private sector will continue to draw all the talent and public sector would be left dry.

Significant differences can be seen in the HR practices of private and public-sector. Bordia and Bhiu (1998) reported that pay structure and job satisfaction level of the employees is higher in private sector than in the public sector organizations. Sharma (1992) in his study highlights that, as compared to the private organization, fewer employees are trained in public-sector organizations, less money is spent and less training is given which leads to dissatisfaction among employees as there is no opportunity for personal growth and improvement.

Rehman (2012) in his study on 15 public sector enterprises of Pakistan concluded that there is a positive relationship between job satisfaction and job retention, job satisfaction and job retention has a positive relationship with the recruitment process and the job performance. Finding the right man for the right job is the biggest challenge in the public sector. Accurate analysis of the job is a prerequisite of any recruitment process which is generally ignored in the public sector jobs. Organizations lacking professionalism and less growth opportunities tend to lose their employees, also people are reluctant to get a job there. Satisfied employees continue in an organization and also develop its image over the time which helps in attracting a large pool of human resources.

Holtbrugge, et al (2010) investigated which HRM practices support foreign firms in India in overcoming the challenges of recruitment and retention. In their research on 80 North-western European firms they found that a company's image determines whether it is perceived as an attractive and unique employer or not by the applicants. Various factors such as location, wage level, industry and corporate culture affects recruitment effectiveness.

Pandey and Gadre (2016) recommended in their study that to attract and retain the talent, PSUs need to craft value propositions that includes opportunities for personal growth as well as benefits to the society. Innovative plans like NTPS's "PUPS"- Providing Urban Facilities at Projects can attract and retain young talents.

Thus from the above literature it is clear that the talent acquisition in Indian PSU's is affected by factors like pay and compensation structure, job satisfaction, company's image, availability of jobs in MNC's, opportunities for personal growth, etc. Though many such studies have been done on this topic in the past, still I would like to explore more to provide better recommendations to improve the conditions of Indian PSU's.

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