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A Study on Talent as Wealth: An Empirical Analysis of Innovation in the South Indian IT Industry

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Abstract

Human Resource Management (HRM) practices are structured to attract, inspire, and retain employees, thereby supporting the long-term sustainability of organisations operating in highly competitive global markets. This study examines the existing dimensions used by HRM systems to assess employee performance, with a particular focus on evaluating talent within software companies. The central research question investigates the influence of contemporary HRM evaluation methods on employee commitment, retention, and overall organisational sustainability. The results indicate that while current HRM practices are generally effective in measuring employee performance, they are predominantly focused on short-term economic outcomes and exhibit limited influence on enhancing employee commitment and retention. In response, the study proposes an alternative HRM framework that conceptualises talent as a form of inherent organisational capital. This framework emphasises the need for organisations to realign HRM practices toward fostering sustained employee engagement and long-term organisational growth. The outcomes of this researchoffer valuable insights for HR professionals and policymakers seeking to strengthen organisational resilience and competitive advantage within the rapidly evolving information technology sector.

Keywords: employee commitment, performance, retention, human resource management, HRM, economic perspective, talent management, South India.

1. Introduction

Human capital is a significant and cherished asset of the firms. It is the backbone of the firm. In the highly competitive digital era, talented professionals are of considerable importance to firms for their success and sustainability (Johnson et al., 2020). Since the organisation is facing a gap in developing the skills and a lack of quality candidates to fill up the open position (Tej et al., 2021). Talent management is crucial for

the organisation to perform effective operations for the attainment of the organisational goals (Cajander and Reiman, 2024). A firm's prosperity is enhanced when employees' attitudes and expectations align closely with the corporate vision. While hiring qualified candidates is important, building and maintaining and maintaining an efficient workforce is primarily achieved through effective human resource management (HRM) practices (Akter et al., 2022; Rice et al., 2021). HRM encompasses tasks such as HR preparation, strategic recruiting, efficiency, employee training, health care, and provision of services to the employees (Bangwal et al., 2017). It also includes the regulations and practices to enhance employee engagement, organisational efficiency, and quality of work. HRM practices are significantly associated with increased firm performance in terms of competitiveness, benefits, revenue returns, and market share. The economic growth of the firms is interconnected with the performance of the employees. Hence, this upsurge has fuelled the firms to hire and retain talented employees (Anwar and Abdullah, 2021). Talent management is a complicated issue and is constantly evolving (Wadhwa and Tripathi, 2018). The success factors for talent management are required to be aligned with the strategic goals of the firms, support from the top management, and effective functioning of HRM (Sopiah et al., 2020). The survival of the firm relies on talent management. It is significant for firms, regardless of their type, to implement HRM practices for acquiring talented professionals and their retention. Talent management is an essential tool for the development of human resources (Al-Dalahmeh and Héder-Rima, 2021). The procedures are significant for the sustainability of the talented employees (Erdoğan and Kunday, 2022). In South India, specifically cities such as Bangalore termed as an IT hub renowned for the several IT industries and employment opportunities. The software firms haveHuman capital is a significant and cherished asset of the firms. It is the backbone of the firm. In the highly competitive digital era, talented professionals are of considerable importance to firms for their success and sustainability (Johnson et al., 2020). Since the organisation is facing a gap in developing the skills and a lack of quality candidates to fill up the open position (Tej et al., 2021). Talent management is crucial for the organisation to perform effective operations for the attainment of the organisational goals (Cajander and Reiman, 2024). A firm's prosperity is enhanced when employees' attitudes and expectations align closely with the corporate vision. While hiring qualified candidates is important, building and maintaining and maintaining an efficient workforce is primarily achieved through effective human resource management (HRM) practices (Akter et al., 2022; Rice et al., 2021). HRM encompasses tasks such as HR preparation, strategic recruiting, efficiency, employee training, health care, and provision of services to the employees (Bangwal et al., 2017). It also includes the regulations and practices to enhance employee engagement, organisational efficiency, and quality of work. HRM practices are significantly associated with increased firm performance in terms of competitiveness, benefits, revenue returns, and market share. The economic growth of the firms is interconnected with the performance of the employees. Hence, this upsurge has fuelled the firms to hire and retain talented employees (Anwar and Abdullah, 2021). Talent management is a complicated issue and is constantly evolving (Wadhwa and Tripathi, 2018). The success factors for talent management are required to be aligned with the strategic goals of the firms, support from the top management, and effective functioning of HRM (Sopiah et al., 2020). The survival of the firm relies on talent management. It is significant for firms, regardless of their type, to implement HRM practices for acquiring talented professionals and their retention. Talent management is an essential tool for the development of human resources (Al-Dalahmeh and Héder-Rima, 2021). The procedures are significant for the sustainability of the talented employees (Erdoğan and Kunday, 2022). In South India, specifically cities such as Bangalore termed as an IT hub renowned for the several IT industries and employment opportunities.

Significance of the study

In recent decades, human resources have been viewed as valuable organisational assets, with human capital and economic perspectives strongly influencing HR practices. However, the concept of treating talent as organisational wealth has received little academic attention. Since talent enhances value and contributes significantly to organisational success, this unexplored dimension forms the basis of the present study. Accordingly, the research aims to examine novel HRM practices that value employee talent as wealth in the IT and ITES industries.

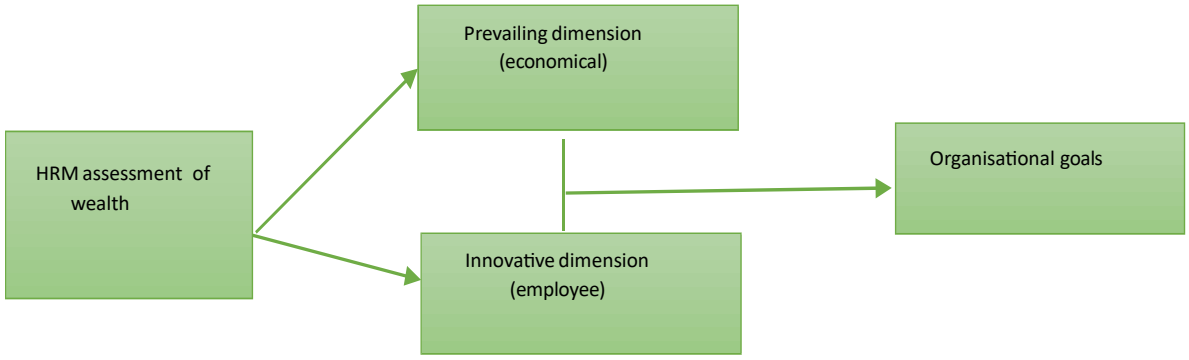
Problem identification

HRM plays multiple roles in organisations, and existing studies mainly examine its impact on firm performance, productivity, and economic growth. However, limited research has explored employee talent as organisational wealth. Although talent management has been widely studied, employees have rarely been recognised as a firm's true wealth. Therefore, this study introduces a novel perspective by assessing employee talent as wealth, emphasising that organisational success depends more on talented employees than solely on financial returns.

Literature review

HRM is generally accepted as a key driver of organisational performance and competitiveness. Central HRM activities-including recruitment, selection, training, performance appraisal, and reward schemes-are inextricably tied with organisationaldevelopment, effectiveness, and staff development (Anwar and Abdullah, 2021). There is widespread empirical evidence showing that good HRM practices improve the satisfaction, commitment, and engagement of employees, which have subsequent positive effects on organisational performance measures such as market share, profitability, and innovation (Jaworski, 2023; Achour, 2025; Choukir et al., 2024). The social exchange theory continues to elaborate that HRM practices create a mutually beneficial relationship between employees and firms, such that employees react positively to just treatment and rewards by being more productive and less absent (Elrehail et al., 2019; Guerra, 2023; Cherif, 2020). The significant practice in HRM is performance appraisal. Moreover, it is a systematic evaluation of employees' performance and involvement towards the organisation (Curzi et al., 2019). The tasks and objectives set by the organisations are to be followed by the employees, and they will be evaluated and monitored by the administration in order to assess the performance level (Bayo-Moriones et al., 2021; Zhang et al., 2024). HRM is responsible for boosting and inspiring worker performance to satisfy employer goals. The goal includes evaluation, job design, hiring, selection, T&D, remuneration including associated legal aspects. HRM views employees as valuable company assets. Therefore, they are sometimes referred to as human capital. Thus, the organisation's ultimate goal will be to maximise employee utilisation while lowering risk and raising ROI or return on investment (Bao et al., 2021). The conceptual framework developed for this study is illustrated in Figure 1.

Proposed framework (see online version for colours)



Research gap

1.Research design

A research design provides a structured framework for conducting a study and achieving its objectives. It guides key decisions regarding research approach and data collection methods. This study adopts a quantitative research design to examine HRM practice dimensions in assessing employee talent. Data were collected using a structured questionnaire from IT and ITES companies in South India.

2. Study field

The present study involved professionals from South India who voluntarily participated in the survey. Data were collected with the support of research teams, ensuring smooth administration of the survey. The regional focus enhanced the relevance of the study and facilitated effective data collection.

3.Population and sample size

Sampling involves selecting a representative subset from a larger population for research purposes. In this study, purposive sampling was used to select 250 IT and ITES professionals from South India with relevant HRM experience, ensuring diverse and informed perspectives.

4. Research instrument

Data were gathered via a structured questionnaire sent out electronically to the chosen participants. The questionnaire was applied to capture demographic data and answers pertaining to HRM practices, talent evaluation, and organisational performance. Validity and reliability of the instrument were confirmed via confirmatory factor analysis (CFA), and all constructs were shown to have acceptable reliability (Cronbach's alpha > 0.8) and validity (AVE > 0.5).

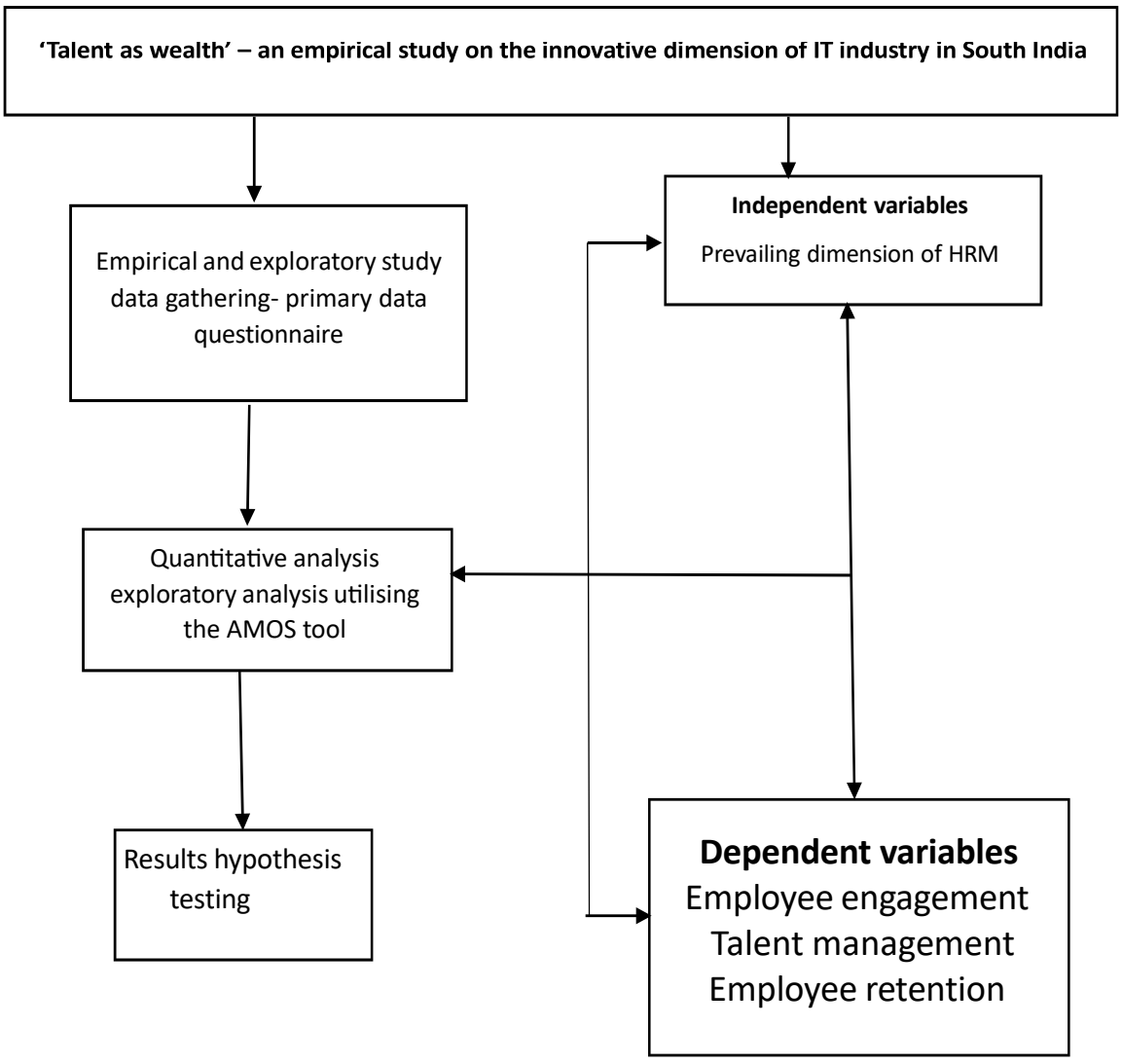
5. Analysis of data

The data gathered were processed via structural equation modelling (SEM) using AMOS software. The method allowed the investigation of interrelations between HRM practices, employee talent, and organisational outcomes. Goodness-of-fit (GFI) indices and reliability indices were used to check the adequacy of the model. The Kaiser-Meyer-Olkin (KMO) test and Bartlett's test were used to validate the data for factor analysis. The research methodology is summarised in Figure 2, outlining the key steps from data collection to analysis.

Assessing the SEM assumption

The present study ensures the multivariate normality through the skewness and kurtosis values. The values lie in the range of –2 to +2. Multivariate normality is a key assumption in SEM because it guarantees that the inter-variable relationships can be properly estimated. Skewness and kurtosis values in this range show that the distribution of data is not far from normality, and SEM methods can be used. It uses a maximum likelihood approximation that adopts multivariate normality for generating reliable parameter estimates.

Figure 2 Research design



Results

The demographic profiles of the respondents are discussed elaborately. The demographic profile of the respondents is presented in

Table 1

Demographic factor	*Parameter*	*No. of respondents*	*Percentage (%)*
Age	25–30 years	47	18.8
	30–35 years	49	19.6
	36–40 years	58	23.2
	41–45 years	58	23.2
	More than 46 years	38	15.2
Qualification	Undergraduate	76	30.4
	Postgraduate	174	69.6
Experience	0–2 years	45	18
	2–5 years	8	3.2
	5–10 years	134	53.6
	More than 10 years	63	25.2
Designation	Entry level	41	16.4
	Associate level	49	19.6
	Mid-senior level	118	47.2
	Senior level	42	16.8
Industry	IT	178	71.2
	ITES	72	28.8

The participant's demographic data is presented in the Table 1. The majority of respondents (23.2%) were aged 36–45, while fewer participants were over 46 years old. Comparatively, the age group 46 is considered to be lesser. The participants contain around 5–10 years of experience. For the educational background, most of the respondents are post graduates. Moreover, the lesser number of respondents are the undergraduates. According to the survey, most of the respondents' designation is mid-senior level. Associate level employees are second highest to the mid-senior level. Compared to other designations the entry and senior level are moderate. The data gathered is collected from the employees of the IT (71.2%) compared to ITES sector (28.8%), as indicated by the demographic data of the present research study.

SEM analysis

To validate the conceptual model of HRM the SEM techniques has been employed and the software version 20 of AMOS is utilised. Additionally, the path association in the prevailing dimension of HRM procedures in the wealth assessment is analysed. The independent variable is HRM practices, and the dependent variable is wealth assessment.

Figure 3 Hypothesised HRM prevailing model (see online version for colours)

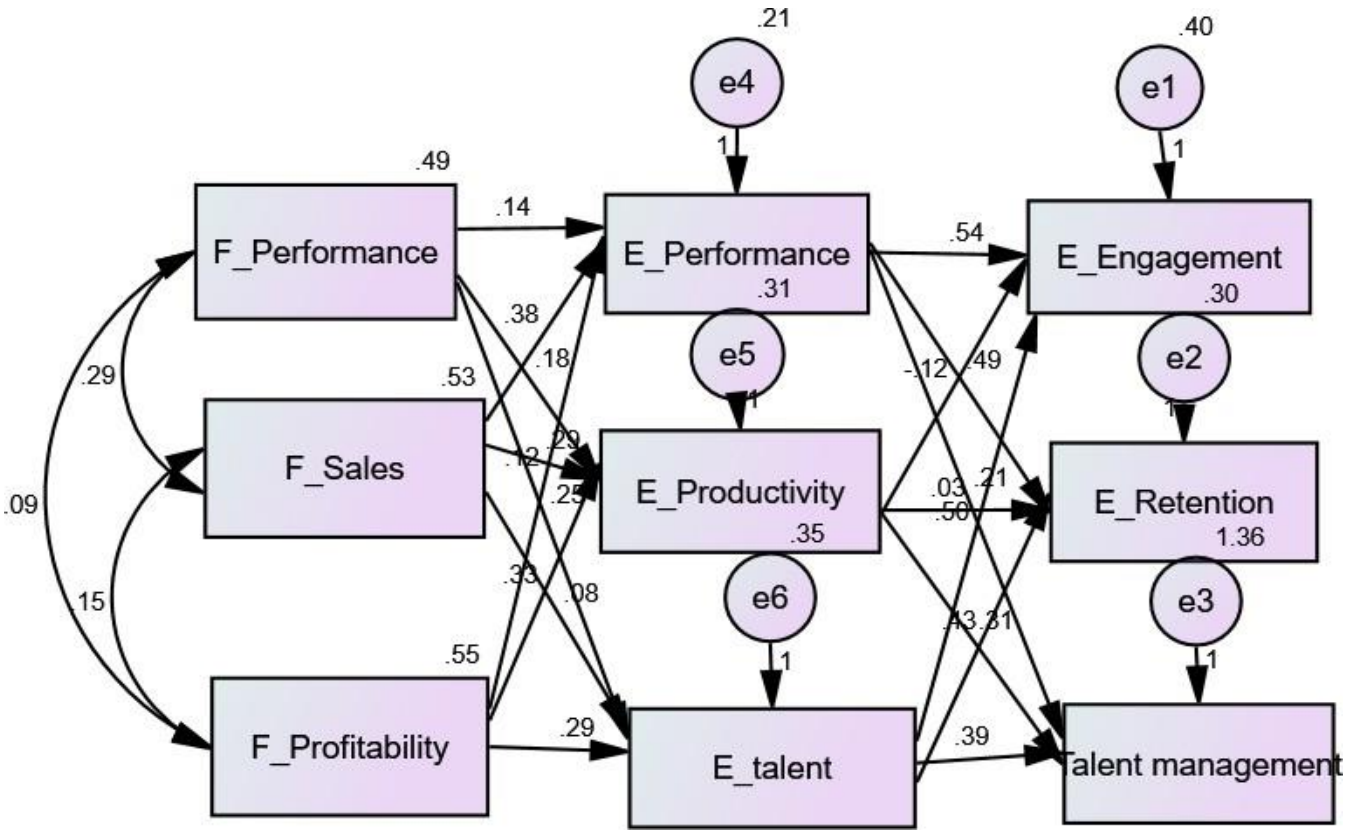


Figure 3 portrays the causal relationship of the human resource assessment of wealth. HRM practices assess wealth in terms of the economic growth of the firms, which has a negative impact on employee engagement, talent, and retention. The assessment of HRM shows insignificant value towards employee values. The considerable attention of HRM on firm productivity might have less impact on employee satisfaction. Table 2 displays the goodness of the fit indices. The normal $\chi 2$ value is 2.563, and the P-value is 0.124. RMSEA = 0.058, CFI = 0.998, GFI = 0.994, and IFI = 0.998. Apart from AGFI, all the values are within the threshold limit. The achieved value fits in the proposed model.

Table 2

Fitness of prevailing dimensional model

	CMIN/DF	*RMSEA*	*CFI*	*IFI*	*GFI*	*AGFI*	*RMR*	*P*
Mod	2.563	0.058	0.998	0.998	0.994	0.885	0.060	0.124
S. value	<3.0	<0.08	>0.90	>0.90	>0.90	>0.90	<0.08	>0.05

Table 3

Hyp.	*Pathway*	*S. coefficient*	*Sig.*	R^2
H1a	F_Performance –> E_Performance	0.167	0.005	0.608
H1b	F_Sales –> E_Performance	0.177	0.004	
H1c	F_Profitability –> E_Performance	0.297	***	
H2a	F_Performance –> E_Productivity	0.089	0.197	0.421
H2b	F_Sales –> E_Productivity	0.318	***	
H2c	F_Profitability –> E_Productivity	0.261	***	
H3a	F_Performance –> E_Talent	0.468	***	0.527
H3b	F_Sales –> E_Talent	0.151	0.003	
H3c	F_Profitability –> E_Talent	0.349	***	
H4a	E_Performance –> E_Engagement	0.398	***	0.548
H4b	E_Productivity –> E_Engagement	0.403	***	
H4c	E_Talent –> E_Engagement	0.099	0.124	
H5a	E_Performance –> E_Retention	-0.108	0.051	0.415
H5b	E_Productivity –> E_Retention	0.029	0.580	
H5c	E_Talent –> E_Retention	0.177	0.007	
H6a	E_Performance –> T_management	0.399	***	0.462
H6b	E_Productivity –> T_management	0.419	***	
H6c	E_Talent –> T_management	0.211	***	

Table 3 shows that HRM evaluation based on firm performance, sales, and profitability is strongly linked with employee performance, productivity, and talent. While this economic-focused assessment explains significant variance in performance (60.8%) and talent (52.7%), it negatively affects employee engagement (54.8%) and retention (41.5%). Hence, the study emphasizes the need to shift HRM perspectives from purely economic evaluation to treating employee talent as organisational wealth for long-term sustainability.

Conclusion

Human Resource Management (HRM) plays a pivotal role in shaping sustainable organisational practices by aligning employee capabilities with long-term business goals. The present study examined prevailing HRM practices in the IT and ITES industries of South India and analysed their influence on organisational performance and sustainability. The findings reveal that existing HRM evaluation systems predominantly focus on economic indicators such as firm performance, productivity, and profitability, often prioritising financial outcomes over employee talent and development. While this approach supports short-term growth, it has been found to negatively affect employee engagement, retention, and long-term organisational commitment. The empirical evidence suggests that employee performance, productivity, and talent are largely assessed through an economic lens, which limits the recognition of human capital as a strategic asset. This narrow perspective overlooks the enduring value of employee knowledge, skills, and innovation, which are critical for sustaining competitiveness in dynamic market environments. In contrast, the study proposes a novel HRM framework that conceptualises employee talent as a form of organisational wealth. Unlike financial capital, which may fluctuate over time, employee talent grows through continuous learning, experience, and organisational support, thereby contributing to sustained firm success. By redefining HRM practices to emphasise talent recognition, development, and retention, organisations can foster higher levels of job satisfaction, commitment, and innovation among employees. Such a transformation not only enhances organisational performance but also supports the creation of a sustainability-oriented work culture. From a managerial perspective, the study urges leaders to implement talent-based HRM systems that identify and nurture employee potential as a core source of competitive advantage. At the policy level, the research highlights the need for frameworks that encourage investment in human capital development across the IT and ITES sectors. Overall, the study provides a strong foundation for future research on talent-centric HRM dimensions and underscores their importance in achieving organisational goals and promoting a sustainable and resilient economy in the South Indian context.

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