

## The Role of Social Networks in Talent Management

### A review of latest trends In Indian Companies

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#### Abstract

**Purpose** The main object of this research is to analyze the increasing role of Social Networks in Talent Management (TM) discussed with an overview of various MNCs. The ever-changing economy and fierce alternatives in manpower supply has led to the growth or dependence on Social Networking as a fast way to reach out to the talent, spread worldwide. The research question; ‘How Indian Companies are being supported through Social Networking System (SNS) in Talent Management (TM)?’, is answered in this paper to hence support the research objective.

**Research Methodology** The research is based on a conceptual approach and explores the subject matter of the research through the mirror of two theoretical approaches, namely, The theory of Planned Behaviour (TPB) and The Technology Acceptance Model (TAM) to elaborate the current trends that Indian Companies are following for Talent Management (TM).

**Findings** Indian companies are welcoming the social sites to attract talent and keep a tab on competitive employees. The Social Networking is working two ways, creating a source pool for future job seekers and extracting from the current talent pool. In India, LinkedIn is being used to hire management professionals, twitter for sourcing social media spots and facebook for outsourcing overseas applicants. About 70-90% of the recruitment is being done through these websites. There are many companies like HCL, Crisil, Aircel, EXL, and Cognizant etc that are extensively using Social Networking for hiring. Not only the hiring cost has come down to 70% for these companies, the social networking is fast becoming more than a fad for Indian companies. Though Social Networking has not been principally ‘integrated’ into the Talent Management System, yet there is a tremendous rise in the number of companies that are efficiently hiring through prime social networking websites.

**Research Implications/Limitations** This research is conceptual and analytical in nature and any future research on the topic will benefit from quoting the data from this research. The research is an elaborate review of latest trends in Talent Management and is relevant for any scholar who is extensively working on the same subject matter and can use the data in the research to substantiate it furthermore.

**Practical Implications** HR managers can benefit from this research by identifying the companies and areas that are open to social networking ways of hiring.

**Originality/Value** The research lists down latest trends of TM after a careful review of Social Networking Sites (SNS) via statistics available through Economic Times, World Bank Statistics and other surveys. This research will be helpful in formulating strategies that involve Social Networking as a main way of hiring manpower.

**Keywords** Social Networking, Social Media, Talent Management, HR Managers, Online Hiring.

## **Introduction**

### **Definition of Social Networks**

The social network is defined simply by the Business Dictionary as “family, and friends and their families, that together create an interconnected system through which alliances are formed, help is obtained, information is transmitted, and strings are pulled. In an organizational setting, it usually constitutes the group of one's peers, seniors, and subordinates who provide privileged information on how to get things done, how the power structure operates, and who holds the strings at present” (Business Dictionary, 2010).

In the mid-60s, psychologist Stanley Milgram conducted a study on historical background and basis of social networks and discovered the term “small world phenomenon” or the “6-degrees-of-separation” This finding held that each person is connected with such other person via a short chain of acquaintance relationships, at most six corners are needed (Koch et al., 2007). A social network consists of a set of nodes in the form of actors or groups of actors. It also includes a set of edges which can be described as social interactions and relationships (e.g. communication relationship or acquaintanceships) among actors.

Thus, a social network can show who communicates with whom, who knows whom or who trusts whom. It is also possible to distinguish strong and weak ties among actors. In the illustration, clusters of groups of persons who are closely related are visible as well as hubs which describe persons who have notably many contacts to other persons (Koch et al., 2007)

Potts et al. (2008) define social networks as a “connected group of individual agents who make production and consumption decisions based on the actions (signals) of other agents on the social network; a definition that gives primacy to communicative actions rather than to connectivity alone” The terms ‘social’ and ‘networks’ have been considered separately. Social in this sense means the capability of one person to connect to and to interpret information that is generated by other persons, and to communicate. Networks in this sense means that these are specific (often technological) connections. It does not have to do with an abstract entire group of a nation, people or suchlike (Potts et al., 2008). Facebook (more than 500 million active users),

MySpace (more than 260 million users), Twitter (more than 175 million users), Flixster (more than 30 million unique visitors per month), LinkedIn (more than 80 million users) and Xing (more than 10 million users) belong to the most important ones in the world. More and

more people make use of these social networks and mostly, they are not only members of one social network, but of different networks (Webtrends, 2010).

### **Functions of social networks**

According to Jobvite, almost 85% of Companies are using Social Media to manage Talent(2011). LinkedIn Hiring Solutions is used by more than 9000 companies worldwide, like WalMart, which recruited an entire senior team for Asia in two months and Polycom, communications provider company, saved \$3.1 Million by recruiting through LinkedIn in one year.

Apart from brand building, the most decisive functions of Social Networks are: identity management, expert search, context awareness, contact management and common interchange (Richter & Koch, 2008). Another main possible function for users of social networks is the common interchange. Social networks offer the possibility of communicating via forums (Richter & Koch, 2008)

### **Social Networking Sites (SNS)**

This chapter discusses the increasing use of Social Networking Sites (SNS) for Talent Management in an emerging economy like India. With over 2 billion internet users worldwide, 72% of internet users use social media worldwide for job searching. Social Media stands more than a tool for communication and social exchange. It has taken over as a massive platform for recruitment for many growing economies including India. SNS is coming up as a significant organizational tool that has served the active purpose of recruitment for Indian companies. It serves several positive outcomes for the companies apart from the recruitment, i.e. creating brand awareness, reduction in traditional costs, enhances learning, expands communication, and simulates work-environment of an organization.

It has become evident that those organizations which do not adopt social networking system for managing their recruitment needs, tend to fall back strategically (Banerjee, 2012; Freer, 2012; Kavitha & Pillai, 2011; Pollitt, 2008).

SNS helps the organizations by giving access to a broad net of applicants, and a careful selection of active applicants over passive one. Kavitha and Pillai, (2011) put forward a study that showed 85% of applicants were passive applicants and were not looking for jobs actively. With the traditional method of recruitment, it is tough to distinguish this fact. Therefore SNS provides untapped labour markets, and easy access to active applicants. A well known case of one such recruitment is that of CFO (Chief Financial Officer) of Oracle, Jeff Epstein, who was recruited through LinkedIn in 2008. This suggests that companies need to tap qualified persons through these unconventional sources as well.

Since SNS is a platform for wider and easier communication, it helps create an active of communication between customer, employee and employers. This arrangement is specially relevant for IT companies that require active sharing and where learning is of high value(Iyer,2011). SNS also helps in creating a virtual preview of the jobs at hand. One such example can be taken of Marriot Group, where they a game named My Marriot Hotel, that

allowed the applicants to comprehend their duties, tasks and responsibilities right from housekeeping department to culinary preparations. This not only provided a crystal clear view of the work expected but also paved way for qualified interviewees to apply (Freer, 2012).

Since the 1990's Indian economy is growing at the rate of 8-10% in GDP (Gross Domestic Product) that suggests a growing business environment and hence on Globalization. The total dependence on traditional recruitment methods might make the organization lose out on global talent and also lead to strategic fall-down.

Thus the first challenge for Indian companies is Globalization. According to Schuler & Jackson (2009), "competition has never been this intense and so multifaceted: it is fast developing, fast moving, very complex, extremely widespread, and unlikely to change in dramatic ways in the near future". The markets are opened worldwide. Global division of labour is a main element of globalization and focuses not only on production, but also on development and administration as well as lower process costs (Lurse, 2005).

The second point of consideration is that the populations in emerging economies is getting younger and expanding and these major variations concerning age and region have to be considered by MNCs as they operate in different countries (Schuler & Jackson, 2009). Learning and development are key features of MNCs (Lurse, 2005), with the rapid changes and innovations in technology.

The dependence on SNS is unbeatable. In 2012, Twitter had released the top 10 HR influencers on twitter. The third person on the list, Gautam Ghosh, who was also the poster boy of HR Space, and a social media expert for BraveNewTalent in India thanked Twitter for his success. He said "I saw a tweet that 2020 Social was looking for people, I replied and the next thing I knew was that I was invited for the interview and I got the job."

Kamal Nath, Managing Director of a leading recruitment agency Kelly Services India, was recruited through LinkedIn in just four months of putting his profile in 2009.

Companies like HR, HCL Technologies has even created an internal networking site called Meme, where new policies and ideas were freely exchanged between employees.

### **Advantages and disadvantages of Social Networks**

Social networks offer both advantages and disadvantages. The users can socialize and exchange information about specific topics. Furthermore, social networks facilitate coordination and communication and encourage mutual trust. In total, this establishes and reinforces relationships between different actors (Beck, 2008).

A disadvantage, on the other hand, could be the risk of dependence as the actors need to use these networks every day. Besides, social networks can create differences between members and non-members. The danger exists that non-members do not understand the behaviour of

social network members. Moreover, a risk of corruption exists, when actors change their behaviour due to imitation and absorption of manners (Beck, 2008).

Some other key benefits include:

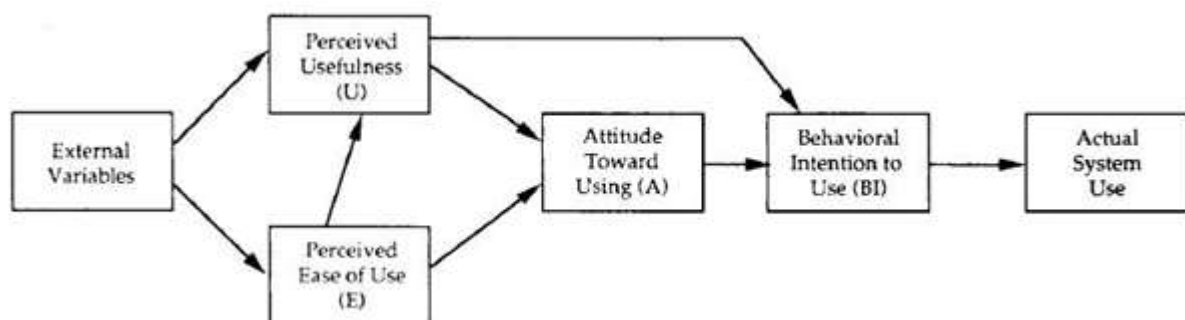
- SNS allows screening of the candidates in real time and helps to know the employee candidature to the point and up-to-date.
- SNS helps in cutting attrition and employment costs and thus middlemen costs are saved by hiring through social media.
- SNS allows to see the referrals of the candidate in no time. LinkedIn allows to give referrals on the profile of the person.
- SNS not only allows to check the credentials of a prospective candidate but also helps to know about his/her personal life, so that the recruiter knows if the person will fit in to the culture of the company or not.
- SNS like Facebook, Twitter brings out various emotions of a person and hence emotional stability can be judged by the recruiter.

### Theoretical Framework for SNS

There are two prevalent theories that help us to understand the adoption of technology in companies. The first model is TAM(Technology Acceptance Model) which is illustrated by Davis, F. D., Bagozzi, R. P., and Warshaw, P. R is given below. The TAM model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably:

Perceived usefulness (PU) - This was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance".

Perceived ease-of-use (PEOU) - Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis 1989).



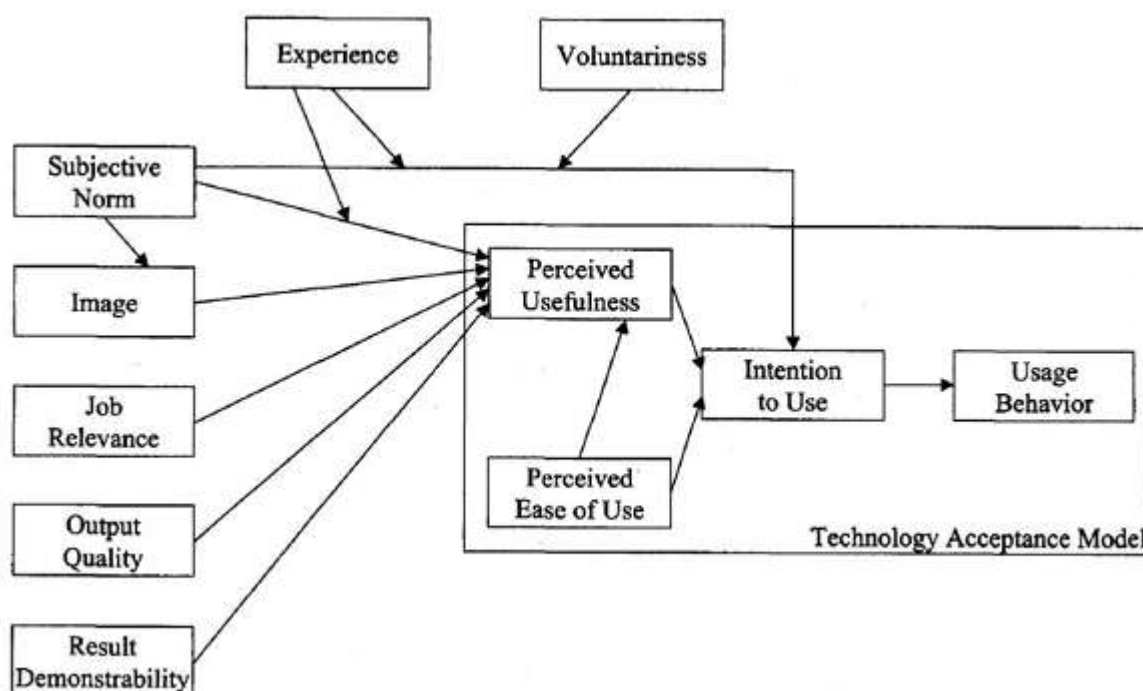
In the diagram above, it is being shown that the external variables affect the thought process of an employee which in turn creates a perceived usefulness in his mind. Perceived usefulness is the performance expectancy. While Perceived ease of use means effort

expectancy. Attitude reflects an individual's positive or negative feeling about performing the target behavior (e.g., using a system), whereas behavioural intention explains the degree to which a person has formulated conscious plans to perform or not perform some specified future behaviour. Actual system use shows the actual work done.

Venkatesh and Davis extended the original TAM model to explain perceived usefulness and usage intentions in terms of social influence and cognitive instrumental processes. The extended model, referred to as TAM2, was tested in both voluntary and mandatory settings. The results strongly supported TAM2 (Venkatesh & Davis 2000).

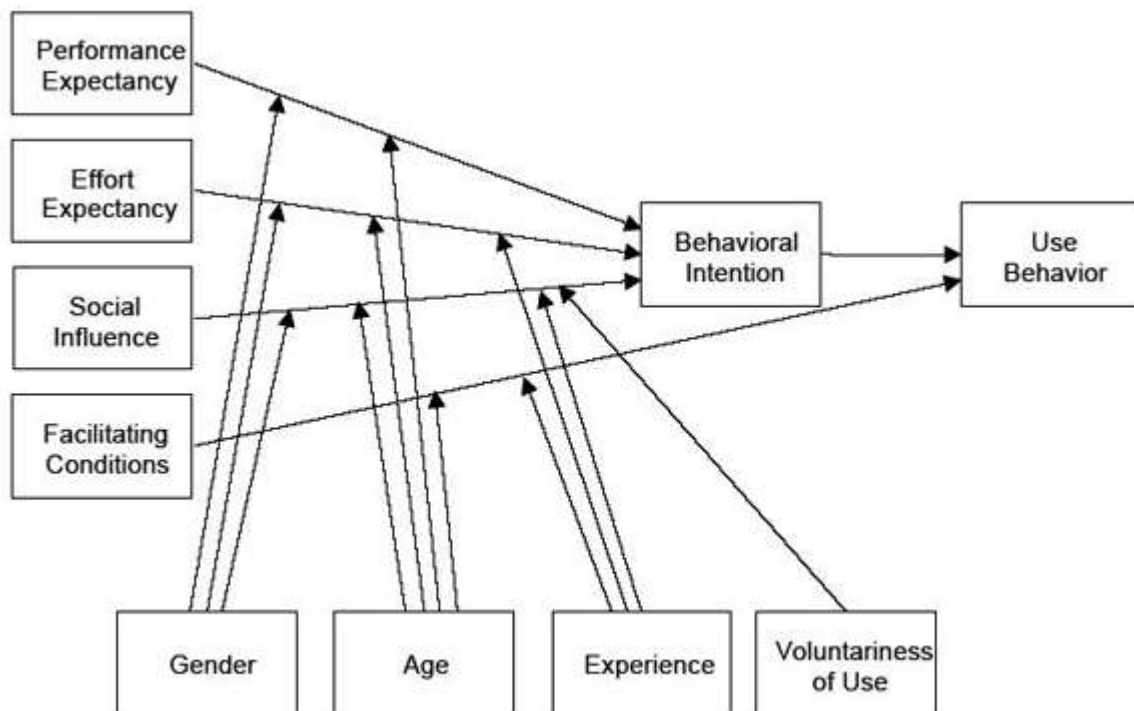
In an attempt to integrate the main competing user acceptance models, Venkatesh et al. formulated the Unified Theory of Acceptance and Use of Technology (UTAUT). This model was found to outperform each of the individual models (Adjusted R square of 69 percent) (Venkatesh et al. 2003). UTAUT has been adopted by some recent studies in healthcare.

Technology Acceptance Model(TAM-2)



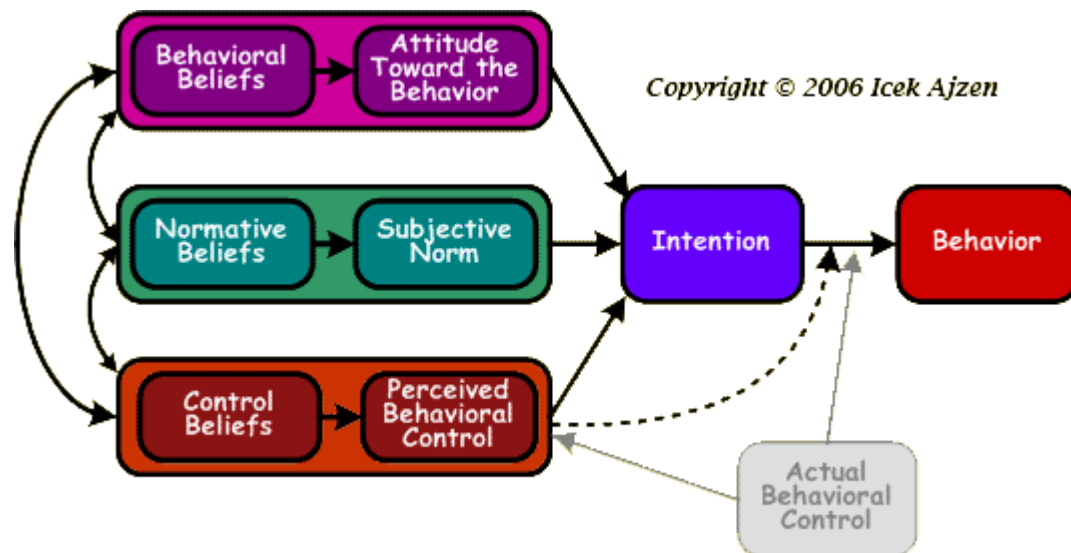
TAM has been widely criticised, despite its frequent use, leading the original proposers to attempt to redefine it several times. Criticisms of TAM as a "theory" include its questionable heuristic value, limited explanatory and predictive power, triviality, and lack of any practical value. (Chuttur 2009) Benbasat and Barki suggest that TAM "has diverted researchers' attention away from other important research issues and has created an illusion of progress in knowledge accumulation.

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### TPB(Theory of Planned Behavior)



The second model that is used to understand the adoption of technology is TPB(Theory of Planned Behaviour) . The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioural control. It is one of the most predictive persuasion theories. It has been applied to studies of the relations among beliefs, attitudes, behavioural intentions and behaviours in various fields such as advertising, public relations, advertising campaigns and healthcare. The theory states that attitude toward behaviour, subjective norms, and perceived behavioural control, together shape an individual's behavioural intentions and behaviours.

According to the theory, human behaviour is guided by three kinds of considerations: beliefs about the likely consequences of the behaviour (behavioural beliefs), beliefs about the normative expectations of others (normative beliefs), and beliefs about the presence of factors that may facilitate or impede performance of the behaviour (control beliefs). In their respective aggregates, behavioural beliefs produce a favourable or unfavourable attitude toward the behaviour; normative beliefs result in perceived social pressure or subjective norm; and control beliefs give rise to perceived behavioural control.

Thus this theory shows that individuals adopt new technology based on their attitudes and values and belief. Usually those organizations/individuals that have positive attitude tend to adopt newer technologies. Parry and Wilson(2009) demonstrated in an empirical study of 14 organizations that TPB played an active role in adopting e-recruiting practices. IT Companies and various Marketing blogs undertake their online presence to illustrate TPB to their consumers. Thus this helps in better planned decisions and is a great theory transforming attitudes.

### **Talent Management through SNS in India**

Social media impacts business and people management in many ways. It is quite well-established as a brand and customer-oriented set of tools. The proliferation of social media as a business and HR instrument has thrown up myriad opportunities for HR and business professionals. Last year, according to a Fortune magazine study, over 80 per cent executives



from Fortune 500 companies stated that social media engagement led to higher sales while 73 per cent of these companies had corporate Twitter accounts with a tweet in the last 30 days.

In most companies the acquisition of talent and its management have been the first areas to witness social media adoption. From tapping the talent pool to looking for referrals from former employees, these channels come handy in a lot of ways. Social media hiring also syncs with CEO expectations as generally they prefer faster hiring times, quality hires and low cost of hiring. On-demand searches for candidates get easier for HR teams using channels like LinkedIn and save big money on recruiting agencies and marketing spend. Experts believe that social channels like LinkedIn and Twitter can be excellent check points for attracting and screening potential employees.

Social media (Facebook, LinkedIn, Wikis, Blogs, Bookmarking, Podcasts, RSS, etc) offers untold collaboration opportunities to HR professionals in terms of knowledge sharing & management, peer networking, and stimulating awareness about the company, all of which complement the larger talent acquisition strategy in the long run. Today, large to mid-size organisations are embracing enterprise social networks like Yammer, which are excellent for all types of team projects and internal communication. According to the 2012 Kinsey report *The Social Economy: Unlocking Value and Productivity through Social Technologies*, close to 72 per cent companies employ social technologies in one way or the other, yet not many are anywhere close to realising its full potential benefit. In fact, some of the most powerful applications of social technologies in today's global economy are largely unexploited.

Social Networking captures 20% share of internet screen time across the world; in India it takes 25% of screen time. Other categories that vie for screen time include retail, entertainment, news, emails and others. 86% of Indian web users visit social networking sites, Facebook continues to be the number one social network with a 28% increase in traffic and a reach of 86% of web users who spent on an average about 217 minutes on Facebook alone. The IMRB-IMAI Social Media Survey 2012 reports that 60% of social media access in India happens from small towns. According to the report, the number of people from rural regions accessing internet rose 73 % in the last two years and now has 38 million claimed internet users and 31 million active internet users.

## **Conclusion**

The statistics and theories all together suggest that although SNS has not been directly integrated in to the recruitment system of Indian companies but it's still being extensively used for recruitment purposes. Indian companies are welcoming the social sites to attract talent and keep a tab on competitive employees. The Social Networking is working two ways, creating a source pool for future job seekers and extracting from the current talent pool. In India, LinkedIn is being used to hire management professionals, twitter for sourcing social media spots and facebook for outsourcing overseas applicants. About 70-90% of the recruitment is being done through these websites. There are many companies like HCL, Crisil, Aircel, EXL, and Cognizant etc that are extensively using Social Networking for hiring. Not only the hiring cost has come down to 70% for these companies, the social

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