

## Impact of talent management on employee retention: A study carried out on travel agency in Sri Lanka

Gamini Weerasinghe

Department of Economics, University of Sri Jayewardenepura, Nugegoda, Sri Lanka

### Abstract

In this competitive business environment, an organization must need to consider more on invest in human talent or human capital (knowledge, skills, and capabilities). Therefore, HR manager work intimately with senior level managers to recruit, attract, develop and retain their top talented employees within the organization. However, this competitive economy and lack of trained employees prompt financial and social difficulties as talent cross borders. As a result of that the, trend of Talent Management was implemented by many HR managers to their organization. Accordingly, Talent Management practices in three different dimensions (a) day to day workforce practices, (b) a common flow of HR all over the organization, and (c) founding, developing and rewarding the talent (Lewis and Heckman, 2006). Therefore, this study was conducted to investigate the role of Talent Management and its impact on employee retention. In order to do so, the author designed the sample size of the selective organization, comprised of all the employees in 2015/2016. Thereafter, designed the questionnaires and conducted a face to face interview with the manager of the chosen organization. Thereafter, based on collected primary data, the findings, and analysis chapter was designed and justified by the key literature which was discussed by many authors. As a final point, in conclusion, the author sum up the study with appropriate recommendations for the limitations.

**Keywords:** talent management, employee retention, competitive advantage, employee turnover

### 1. Introduction

In an organization, the main objective is recruiting the right employee to the right position; this is main goal of Talent Management (Bohlander and Snell, 2013) <sup>[8]</sup>. Moreover, the term "Talent Management" initially showed up in writing in the 1990s when McKinsey and Company examine the term in their article "The War for Talent" (Michaels, *et al.*, 2001 as cited in Al-Fadhli, 2014) <sup>[20, 21]</sup>. Especially, the term "talent" refers to employee's precious knowledge, skills and abilities or competencies (KAS's) (Thakur, and Surampudi, 2011) <sup>[28]</sup>. As a result of this, Thakur, Surampudi (2011) <sup>[28]</sup> simplify that, the efforts of Talent Management employees get advantage from: career improvement, expand the knowledge about organizations objectives, higher motivation and job satisfaction.

However, Sinha and Sinha (2012) <sup>[26]</sup> stress that, employee retention issues are developing as most basic workforce administration difficulties of the prompt future. In spite of that, Anupam and Upasna (2012) <sup>[4]</sup> sum up that, if organization balances the Talent Management and implement within the organization can tackle the retention problem. In this current study, the author specifically aimed to identify the link between Talent Management and employee retention in Travel Agency.

### Problem Statement

To identify the importance and impact of Talent Management tools in Travel agency towards employee retention.

### 2. Objectives

- To review literature to identify the factors affecting Talent Management that affects the employee retention.
- To explain and identify the importance of employee retention in an organization.

- To summarize and make recommendations that will allow Travel agency to retain its employees better than before.

### 3. Literature Review

#### Impact of Talent Management on employee retention

In-depth analysis conducted by Berger and Berger (2003) <sup>[6]</sup>; Burbach and Royle, (2010) <sup>[9]</sup> found that, Talent Management as a contributing component in the achievement of an organization. In the other hand, the corporate society is perceived as one of the elements impacting the mechanism of Talent Management (Burbach and Royle, 2010) <sup>[9]</sup>.

Schultz (1961) <sup>[25]</sup> contends that, about the investment on Talent Management on the talented workers for creative work is necessary to achieve organizations objectives. But as per Hussein (2009) <sup>[14]</sup> state that, HR experts need to move far from basic administration to some goal oriented approach for the company by retaining key talents. However, Griffith (2000) <sup>[13]</sup> brought up that, HR experts are confronting the issue of employee turnover. While portraying the reason of worker turnover, Maertz and Campion (1998) <sup>[17]</sup> said that it is because of job dissatisfaction and job alternatives, and these elements force the employee to leave the job. Yet later on Mitchell *et al.* (2001) <sup>[20]</sup> said that, a few different elements like social and individual issues of the workers are some of the reason for employee turnover. Due to this reason, Frank and Taylor (2004) <sup>[11]</sup> faces off regarding that, losing representative's outcome in a fall, in the level of investment on Talent Management of a company. This is on the grounds that new representatives will be enlisted and trained, at the same time; organizations may likewise be liable to lose the secret information to its rival organizations (Frank, 2004) <sup>[11]</sup>. Furthermore, Ngethe, Iravo, and Namusonge (2012) <sup>[21]</sup> state that, age is a controlling element that helps the employees to remains at work place and diminishes turnover intention.

Further, Young employees below the age of thirty five years have exclusive expectations from the work environment and subsequently risk of turnover. Meanwhile, older employees want to retain existing conditions since they would prefer not to disrupt their advantages, such as pension (Ngethe, Iravo, and Namusonge, 2012) [21]. However, Bartlett and Mclean (2006) [5] contend that separated from the old pension plans, expanded IT limits has prompted employees not leaving the organization.

Empirical studies such as Stovel and Bontis (2002) [27] have shown that, functional turnover (good employees stays, and bad employees leave) can reduce problematic hierarchical execution. On the other hand, Abassi and Hollman (2000) [1] argue that, dysfunctional turnover (good employees leaves, and bad employees stay harms the organization through diminished development, deferred administrations, improper execution of new projects and degenerated profitability. For that reason, Gandz (2006) [12] sum up that, the effectively implemented Talent Management techniques in an organizations upgrade the rate of retention. Hence, it manages vital worker issues and improves organization's competitive position.

**4. Methodology**

In this research, the author will use deductive approach to classify the important from the primary data and then moved into gather structured data. Thereby, the current research has developed based on quantitative method.

**5. Data Collection**

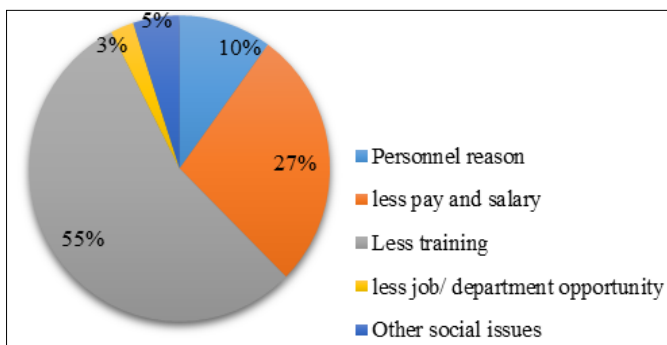
In this research out of a total number of a population (200 employees), out of that the research targeted fifty (50) employees in Travel Agency. Therefore, the current study was developed based on questionnaire for employees.

**6. Finding and discussion**

**Response Rate**

The author can able to get only 40 responses out of 50 sample size from the chosen organization. Nevertheless, some of the responses were late to receive and some employees hesitated to reply for the questionnaire.

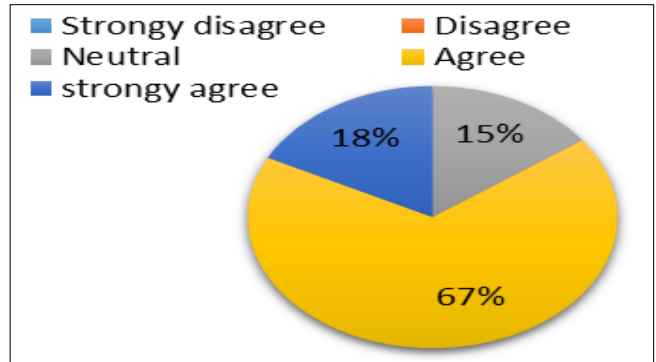
**Question 1-** According to your opinion what would be the main reason for employee turnover?



Accordingly, the findings illustrate the main reason for the retention problem is less training - 55% employees. This is in lined this Bhatnagar, (2007) [7] said that Talent Management can do management improvement can be upgraded by foundational administrative by training and high-affect

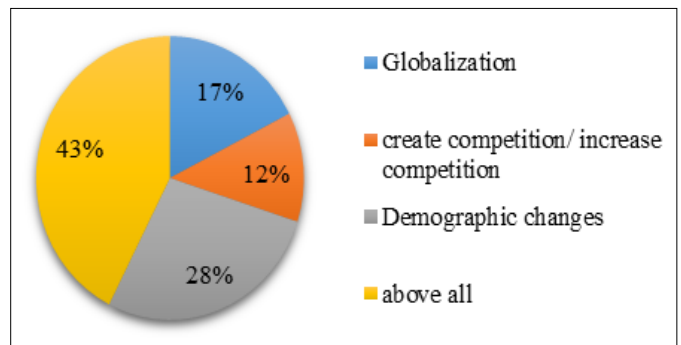
initiative advancement. Around 27% respondents that they aren't paid well. And few of the employees stick due personal (10%) and social issues (5%). This is proved by, Mitchell *et al.* (2001) [20] said that, a few different elements like social and individual issues of the workers are some of the reason for employee turnover.

**Question 2-** What do you think for above this statement "retaining talent is significantly important for an organization"?



The main aim of the question was found that most of the employees and managers believe that retaining their key talent is important for the company. Therefore, the respondents for 67% important and 18% strongly said it is important for the company. Therefore, Maria-Madela, and Mirabela-Constanța (2009) [18] suggest that, the effectively implemented Talent Management procedures in organizations upgrade the rate of retention. As a result, it manages significant workers issues and improves organization's competitive position (Low, 2010) [16].

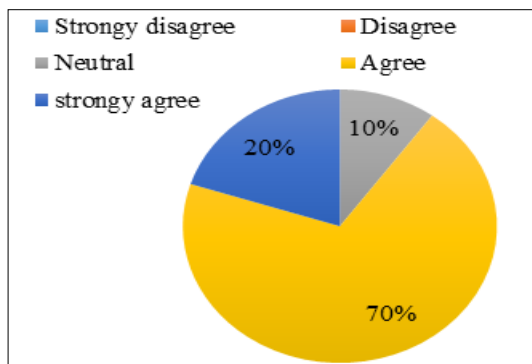
**Question 3-** Which of the below factor do you believe that has increased the growing importance of talent in an organization?



The above pie chart illustrates the response from the employees for this particular question the 28% responded that demographic changes considered as growing importance of Talent Management. This is in lined with the view of demographic changes have brought on the workforce to keep on diversifying - from age, sex and ethnicity to ways of life migration patterns and social standards (Ward-Johnson, 2007). Further, 17% believe it from globalization and 12% believed it from competition.

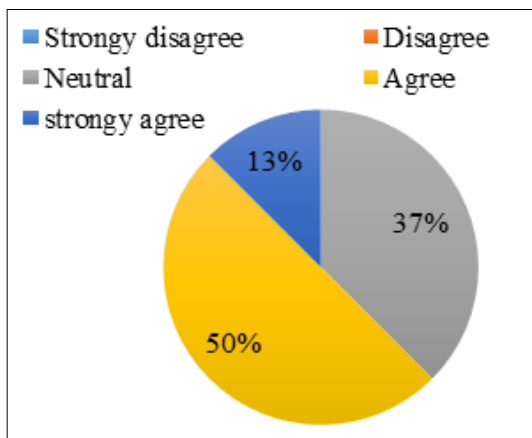
**Question 4-** How would you agree on the above statement "The main objective of Talent Management to get the right fit

employee for right work”?



The final objective of Talent Management is to help to get the right employees in the right employments, doing the right things to make a business success (Prathigadapa and Leela, 2014) [23]. This statement agreed by the 70% and 20% strongly agreed by the employees in Travel Agency. Even though the HR manager says Talent Management importance in terms of recruiting process (personal communication) they believe if company hires a wrong person that would affects the company. Stovel and Bontis (2002) [27] have shown that, functional turnover (good employees stays, and bad employees leave) can reduce problematic hierarchical execution. On the other hand, Abassi and Hollman (2000) [1] argue that, dysfunctional turnover (good employees leaves, and bad employees stay) harms the organization through diminished development, deferred administrations, improper execution of new projects and degenerated profitability.

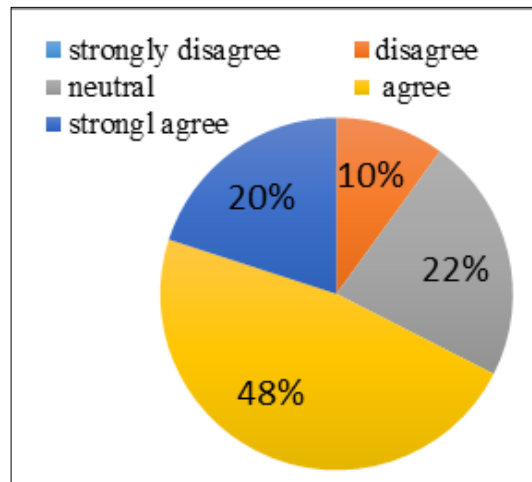
**Question 5-** To which extend do you believe Talent Management increase productivity and create a competitive advantage for a company?



The author tend to explain that Talent Management creates long-term oriented to achieve competitive advantage. Therefore, 50% agreed that Talent Management creates competitive advantage for company and 37% strongly agreed that it creates competitive edge for company and to stay long-term also, to achieve organizational objective. This is in lined with the viewpoints of Collings and Mellahi 2009 [10]; Vaiman, Scullion and Collings (2013) [29] state that, in business associations, Talent Management is a key device that is utilized to accomplish competitive advantage. However, organization fails to accomplish this, due to time and

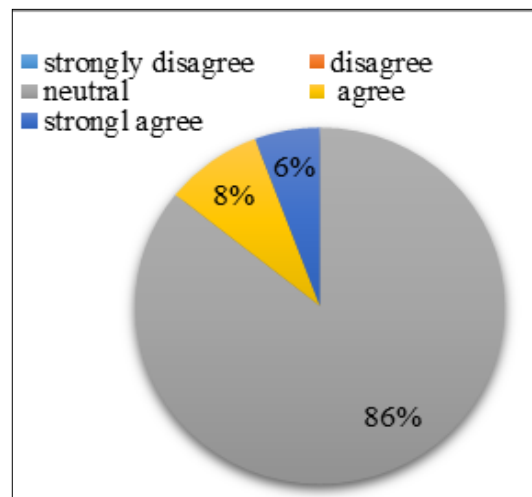
neglected to support their talent to achieve organizations end goal (Mendez and Stander, 2011) [19].

**Question 6-** How would you agreed on above statement “Talent Management well balanced the routine of employee”?



Out of the response 48% of employees agreed and 22% strongly agreed that Talent Management strategies will help them to balance their work in daily routine. This is in lined with statement of rational. Plansoongnern *et al.* (2011) [22] investigate that, Talent Management strategies, well maintains the administration, balance the work and daily routine and other hierarchical variables that keep talented employee within the organization. Even though, the interview conducted by the HR manager said as a service sector they mainly depend on the staff, therefore, Travel Agency will always balance the work and time with their statement. However, some of the employees they believe that Talent Management strategies aren't helpful for them.

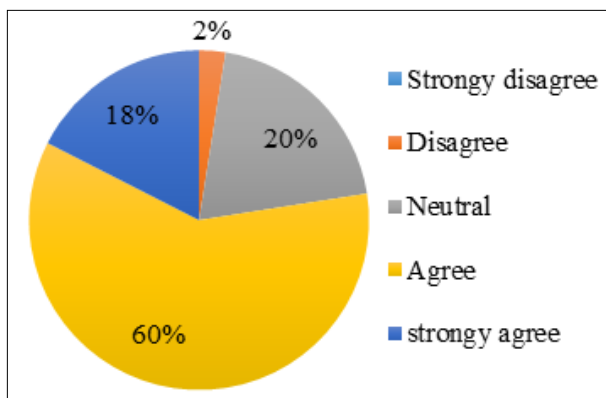
**Question 7-** What do you think of this statement “Talent Management helps the hierarchies to identify the potential level of the employees”?



The above pie chart shows the finds for the question which illustrate that 86% employee are unaware of the statement they stick into neutral stage. This result contradicted the view point of literature, Talent Management permits organization's

senior management to concentrate on employee potential and distinguish present and future profession needs to highlight the career desires as well as add to the organization through coaching and mentoring them (Project Management Institute, 2013) [24]. In contrast 13% (agree/strongly agree) of employees said that Talent Management helps to find out the employees potential. For the more explanation this question asked for HR manager. She said that from Talent Management Strategy Company can easily identify the potential level of employees and which help to find out the desires. This will lead the company to strive to retain their employees (personal communication).

**Question 8** - How far you are agreeing on this statement "Talent Management builds a strong relationship in between organization and employee"?



The above pie chart illustrate relationship with employee; relationship with organization by having a successful Talent Management. Most of the employees' respondents 60% agreed and 18% strongly agreed on that, which this in line with Altrnaz *et al.* (2013) [3] found that successfully implemented Talent Management creates a trust in between employee and management. The best example showed that, Ankara hotel where senior hotel executives and employees have positive relationship. This reflects by having a good Talent Management program helps to retain its employee. In a similar context, Plansoongnern *et al.* (2011) [22] investigate about three leading cement company in Thailand revealed that, powerful Talent Management strategies, well maintains the administration, balance the work and daily routine and other hierarchical variables that keep talented employee within the organization. However, few of them said that does not make if effective to the company.

### 7. Limitations of the study

While conducting this research, the researcher found certain limitations which are incorporate with the current study. The main limitation was time constrains to get the response. This study basically focusing on one branch (Colombo) of the company as a result of that the response rate is low in order to come up with an effective conclusion. Moreover, the author handed over 50 questionnaires for employees, but only received 40 responses, and some of the responses were late to receive. The most important other limitation place on this study was the limited amount of word count availability to conduct in-depth analysis about the more factors that drives to retain employees in terms of Talent Management. Therefore,

with the number of responses received for this study, the author come up with a conclusion there is a major impact on talent to retain its organization.

### 8. Conclusion and Recommendations

This study was conducted to identify the impact of Talent Management on employee retention in a Travel Agency and the fact has been proved through the staff employees that there's positive impact of Talent Management on employee retention.

The findings of this study shows that Travel agency has not implemented successful Talent Management strategies for the organization. Additionally, there are number of changes, improvement and new strategies must follow by the company.

- To retain the staff, organization can provide some effective training and development programs for managerial and non-managerial employees. The study of Iran highly recommends that this Talent Management dimension for all the association.
- Provide new different types of strategies for employees.
- Encourage employees by financial benefits, work life balance and succession planning which helps more on employees to stay in the organization.
- Provide effective leadership policies.

### 9. References

1. Abassi SM, Hollman KW. Turnover: the real bottom line', publication. Pers. Management. 2000; 2(3):303-342.
2. Al-Fadhli H. Talent Management within Small Businesses in Kuwait. The Clute Institute International Academic Conference. 2014; pp. 179-180.
3. Altrnaz M, cakiroglu D, Cop S. Effects of Talent Management on organizational trust: a field Study, Procedia - Social and Behavioral Sciences. Journal of business management. 2013; 99:843-851.
4. Anupam R, Upasna J. A Study of Talent Management as a Strategic Tool for the Organization in Selected Indian IT Companies. European Journal of Business and Management. 2012; 4(4):25.
5. Bartlett, Mclean A. Talent machine: The making of a CEO, 'Harvard Business School Case. 2006; 9:304-049.
6. Berger LA, Berger DR. The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing and Promoting Your Best People, McGraw-Hill Professional: New York, 2003.
7. Bhatnagar J. Talent Management strategy of employee engagement in Indian ITES employees: key to retention. Employee relations. 2007; 29(6):640-663.
8. Bohlander GW, Snell SA. Principles of Human Resource Management, 16th edn. India: South-Western, Cengage Learning, 2013.
9. Burbach R, Royle T. Talent on demand? Talent Management in the German and rish subsidiaries of a US multinational corporation, Personnel Review. 2010; 39(4):414-31.
10. Collings DG, Mellahi K. Strategic Talent Management: A review and research agenda. Human Resource Management Review. 2009; 19(4):304-313.
11. Frank FD, Taylor CR. Talent Management: Trend that will shape the future. HR. Human Resources Planning. 2004; 27(1):33-42.



12. Gandz J. Talent development: the architecture of a talent pipeline that works. *Ivey Business Journal*. 2006; 70(3):1-4.
13. Griffeth RW. A meta-analysis of antecedents and correlates of employee turnover: update, moderator tests, and research implications for the next millennium. *Journal of management*. 2000; 26(3):463-488.
14. Hussein M. Hiring and Firing with ethics. *Human Resource Management. Digest*, 2009; 17(4):37-40.
15. Lewis RE, Heckman RJ. Talent Management: A critical review. *Human Resource Management Review*. 2006; 16(2):139-154.
16. Low P. Talent Management, The Confucian way. *Leadership and Organizational Management Journal*. 2010; 3:28-37.
17. Maertz CP, Campion MA. 25 years of voluntary turnover research: a review and critique' In: Cooper CL and Robertson IT. *International Review of Industrial and Organizational Psychology*. 1998; pp.49-86.
18. Maria-Madela A, Mirabela-Constanța M. Talent Management-a strategic priority. *Leadership*. 2009; 3(2):4.
19. Mendez F, Stander M. Positive Organization. The role of leader Behaviour in work engagement and Retention. *South African Journal of Industrial Psychology*. 2011; 37(1):1-13.
20. Mitchell TR, Holtom BC, Lee TW, Sablinski CJ, Erez M. Why people stay: using job embeddedness to predict Voluntary turnover. *Academic management journal*. 2001; 44(6):1102-1121.
21. Ngethe JM, Iravo ME, Namusonge GS. Determinants of Academic Staff Retention in Public Universities in Kenya. *Empirical Review International Journal of Humanities*. 2012; 2(1):205-212.
22. Plansongnern O, Anurit P, Kulya Wattananonta S. Talent Management in Thai cements companies: A study of strategies and factors influencing employee engagement. *American Journals of Business Management*. 2011; 5(5):1578-1583.
23. Prathigadapa S, Leela KG. Talent Management: A Critical Review. *Journal of Business and Management*. 2014; 16(9):50-54.
24. Project Management Institute. The competitive advantage of effective Talent Management, Newtown Square, USA: pmi pulse, 2013.
25. Schultz TW. Inves Talent Management in human capital, *Economic review*, 1961; pp.1-17.
26. Sinha C, Sinha R. Factors Affecting Employee Retention: A Comparative Analysis of two Organizations from Heavy Engineering Industry. *European Journal of Business and Management*. 2012; 4(3):156-160.
27. Stovel M, Bontis N. Voluntary turnover: Knowledge management – friend or foe. *International journals*. 2002; 3(3):303-322.
28. Thakur S, Surampudi S. Attaining Work – Life Balance: Strategies for Increasing Work Productivity. *International Journal of Business & Management Research*. 2011; 1(2):115-120.
29. Vaiman V, Scullion A, Collings DG. Talent Management: advancing the field. *The International Journal of Human Resource Management*. 2013; 24(9):1737-1743.
30. Waleed H, Amir R, Rida Q, Rida J, Sidra S. The Effect of Training on Employee Retention. *Global Journal of Management and Business Research Administration and Management*. 2013; 13(6):20.