

Impact of Talent Management on Employee Retention: With Special Reference to Supermarket Industry, Batticaloa District, SriLanka

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Abstract: Retaining talent has become the prerequisite for the smooth functioning of every organization in today's dynamic and competitive market. The purpose of this study was to determine the impact of talent management on employee retention among super market employees. Specifically, Batticaloa district was chosen as the study location. A total of 118 employees were taken using simple random sampling technique. The data was collected through self-administered questionnaire. Talent management was tapped through competency mapping, employee engagement, performance management and career development which were collectively tapping the concept of employee retention. Correlation and regression analysis were carried out to examine the impact of talent management on employee retention using SPSS 20.0. The findings showed that there is a positive and significant association between the independent and dependent variables. Moreover, it was concluded that the impact of career development is comparatively higher than the impacts of other constructs of independent variable on employee retention. The findings of this study would help super market management to understand how their talent management practices influence their employees to retain them in their organization and develop plans accordingly.

Keywords— Employees; Talent Management; Retention; Supermarket

1. INTRODUCTION

Talent Management refers to the organization attracting, retaining, motivating, training and developing talented people that an organization requires to remain competitive (Collings and Mellahi, 2009). If an organization wants to be successful in its stand it needs to bring into line talent management strategies with the organization's strategy. Therefore, presently all organizations highly compete with each other for hunting talents in order to sustain in the market place since the talented employees are keys to success. But on the other hand, this severe war for talent has made the cost of recruitment and the cost for taking necessary steps to retain talents as the major expenses for any organization. This study attempts to investigate how talent management practices impact on employee retention. This topic is worthy of investigation due to a shortage of conceptual and empirical research on the topics of talent management and employee retention in particular, in the South Asia and especially in SriLanka.

2. RESEARCH PROBLEM

The author found that even though it appeared to be a vast number of articles and books published in this research area, still there is a gap in literature, and there is still confusion concerning the relationship between talent management and employee retention. In spite of this, the author found the

following research question to best reflect the problem area, and focus for the study: "With respect to supermarket industry in Batticaloa district in SriLanka, what impacts does the talent management have on employee retention?"

3. RESEARCH OBJECTIVES

1. To establish the effects competency mapping on employee retention
2. To find out the effects of employee engagement on employee retention.
3. To determine the effect of performance management on employee retention.
4. To establish the effect of career development on employee retention.

4. THEORETICAL CONSIDERATIONS AND EMPIRICAL EVIDENCE

4.1 Theoretical Considerations

Talent Management

Talent is used as an encircling term to human resources that organizations want to acquire, retain and develop in order to meet their business goals (Cheese, Thomas and Craig, 2008). Murthy (2010) defined talent management as "managing the entire employee lifecycle from attracting and hiring to promoting and finding a successor upon retirement". Talent management has become more important for modern

organizations because of the advent of the modern economy. Based on the through literature review, talent management was tapped through competency mapping, employee engagement, performance management and career development which were collectively tapping the concept of employee retention for this study.

Employee Retention

The objective of any organization is not only to hire human resource but also to maintain, develop and retain. However, the employee retention has become the biggest challenge faced by human resource in the modern economy (Lalitha, 2012). Nyanjom (2013) argues that hiring knowledgeable people for the job is essential for an employer but retention is even more important. Retention is a voluntary move by an organization to create an environment which engages employees for long term. The main purpose of retention is to prevent the loss of competent employees from the organization which could have an adverse effect on productivity and service delivery.

Therefore, by taking a proactive approach to develop an effective employee retention program, the anxiety of high turnover can be reduced.

4.2 Empirical Studies in Talent Management and Employee Retention

Mohammed (2015) thoroughly studied about the impact of talent management on employee engagement, retention, value addition and improved organizational performance. The study revealed that there is a positive association between these variables and proposed that organizations first must focus on skills assessment to implement the recruitment and training strategies. Hughes and Rog (2008) investigated the effect of talent management on employee recruitment, retention and engagement. The study revealed that improved employee recruitment and staff retention rates, and enhanced staffs’ engagement are the benefits of an effectively implemented talent management strategy and these are the outcomes associated with improved operational and financial performance. Piansoongnern, Anurit and Kuyawattananonta (2011) suggested that strong talent management planning, well supports of management, organizational unity, balance of work and routine life, and other environmental and organizational factors are important to retain talented staffs to organizations. Bano et. al., (2011) studied talent management in the corporate sector in Islamabad, Pakistan and found out that talent management has positive significant influence on employee attitudinal outcomes and organizational effectiveness like employee work engagement, turnover avoidance, and value addition.

5. METHODOLOGY

This study was designed employing quantitative methodology with population confined to supermarket employees in Batticaloa district. A total of 130 were taken using simple random sampling technique. The data was collected through self- administered questionnaire and analysed using SPSS20.0 software. Correlation and regression analysis were carried out to examine the impact of talent management on employee retention.

6. RESEARCH HYPOTHESES

Following were the statements of hypotheses the researcher wanted to test with the help of empirical findings.

With respect to super markets in Batticaloa District,

H1: Competency mapping is positively associated with employee retention.

H2: Employee engagement is positively associated with employee retention.

H3: Performance management is positively associated with employee retention.

H4: Career development is positively associated with employee retention.

7. RESULTS AND DISCUSSION

From the questionnaire issued to 130 employees, only 120 were returned back to the researcher. Out 120, two were found incomplete. Table 2 shows the demographic characteristics of the respondents.

Table 1. Demographic profile of the respondents

| Demographic characteristics | | Frequency | Percentage |
|-----------------------------|----------------------|-----------|------------|
| Gender | Male | 51 | 43 |
| | Female | 67 | 57 |
| Civil Status | Single | 51 | 43 |
| | Married | 67 | 57 |
| Age (years) | Below 25 | 38 | 32 |
| | 26-35 | 43 | 36 |
| | 36-45 | 21 | 18 |
| | above 45 | 16 | 14 |
| Education | Below Ordinary Level | 27 | 23 |
| | Ordinary Level | 35 | 29 |
| | Advanced Level | 39 | 33 |
| | Degree | 08 | 7 |
| | Other | 09 | 8 |

Table 2: Reliability Analysis

| Constructs | No. of Items | Cronbach Alpha Coefficient |
|------------------------|--------------|----------------------------|
| Competency Mapping | 04 | 0.791 |
| Employee Engagement | 03 | 0.705 |
| Performance Management | 03 | 0.734 |
| Career Development | 03 | 0.725 |
| Employee Retention | 05 | 0.836 |

Table 2 shows that the instrument used in this study was reliable with cronbach alpha which ensures that there is an internal consistency between individual measurement items in the scale as the alpha value is greater than 0.7 for all the measurement items.

Table 3: Correlation Analysis

| Variables | Pearson correlation | Sig. (2-tailed) |
|------------------------|---------------------|-----------------|
| Competency Mapping | .486** | .000 |
| Employee Engagement | .261** | .000 |
| Performance Management | .474** | .001 |
| Career Development | .665** | .000 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows that the association between all the indicators of independent variable (talent management) and dependent variable (employee retention) is positive. From the table it could be interpreted that there exists a statistically significant and moderate positive relationship between competency mapping and employee retention ($r = 0.486$). Also there exists a statistically significant and weak positive relationship between employee engagement and employee retention ($r = 0.261$). Hence there exists a statistically significant and moderate positive relationship between performance management and employee retention ($r = 0.474$). Likewise there exists a statistically significant and moderate positive association between career development and employee retention ($r = 0.665$). Moreover there is no issue of multi-collinearity in the data since the VIF for all the constructs in the independent variable is less than five.

Table 4: Regression Analysis

| Variables | Std. error | Beta value | t-value | Sig. |
|------------------------|------------|------------|---------|------|
| (constant) | 5.5739 | | 3.789 | .000 |
| Competency Mapping | 0.077 | 0.427 | 3.388 | .000 |
| Employee Engagement | 0.115 | 0.251 | 1.983 | .000 |
| Performance Management | 0.119 | 0.341 | 2.826 | .000 |
| Career Development | 0.077 | 0.689 | 5.862 | .000 |

N=118, R square value 0.426, F value 31.780

Regression table shows R^2 is 0.426 which indicates that there is almost 42.6% of the variation in the dependent variable (employee retention) which is due to the changes in all the

constructs of independent variable (talent management). Also, the table above shows that the beta coefficient of competency mapping is 0.427 with the significant value of 0.000 which is less than 0.05. Likewise, the beta coefficient of employee engagement is 0.251 with a significant value 0.008 which is less than 0.05. Further the beta coefficient of performance management stands at 0.341 with a significant value of 0.000 which is lesser than 0.05. Hence, the table also indicates that the beta coefficient of career development is 0.689 with a significant value 0.000 which is less than 0.05. Overall, it could be interpreted that all the factors of independent variable (competency mapping, employee engagement, performance management and career development) have significant impact in the amount of change in dependent variable (employee retention) as they all have p value less than 0.05.

8. CONCLUSION

The main objective of this study was to investigate the impact of talent management on employee retention in the super market sector of Sri Lanka. Through the results it was found that there is a positive relationship between the talent management and employee retention. Hence among the factors concerned for the study career development is the most important factor to extract employee retention score, and hence, the study concludes that the impact of career development is very high on employee retention in the super market industry in Sri Lanka while compared to other factors.

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