



TALENT RETENTION: A ROAD MAP FOR ORGANIZATIONAL SUCCESS IN COMPETITIVE BUSINESS ENVIRONMENT

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Abstract: *Employee turnover is a major problem in Indian companies, especially amongst IT organizations, which costs a lot of money and efforts. This problem might be a major obstacle for HR professionals in formulation of their policies. For many organizations strategic staffing has become a concern because the ability to hold on highly talented core employees can be crucial to future survival. Creation and preservation of knowledge has become a key tool in accelerating competitiveness and enhancing organizational capabilities to respond to market changes. Organizations therefore need to be able to develop and deploy talented people who can create and preserve knowledge to achieve the vision and innovate to ensure global competitiveness. A strong talent strategy can ensure the organizations to keep their top talent while making advantage of competitors maintain employee engagement and develop strong leaders who can lead through the recovery and future turmoil. The challenge for most of the organizations today is effective retention of talented employees for attainment of organizational goals. Ensuring a “talent-nurturing” environment and organizational culture assures a better competitive advantage to firms and enables them to minimize the detrimental impact of “talent-volatility”. This paper highlights the main determinants affecting employee retention in the IT sector.*

Keywords: *Competitiveness, Employee Turnover, Talent retention.*

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INTRODUCTION

In today's competitive scenario talent retention becomes one of the biggest issues for Indian IT industry, because people are the one who generates profits and considered as the capital or assets of the organization. Talented employees are the persons who create competitive advantage over the other firms. A recent study by Raiker & Verner (2004) analyzed retaining employees is considered as a key strategy for financial success. Morgan (2008) advises "Do not make the head hunter's job easy". Rauden & Bryk (2002) suggests that retention is very important for every organization where it has nested relationship within them, and is part of external environment.

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until for the maximum period of time or until the completion of the project. Retention is important to reduce turnover costs and employees get poached by others. Lot amount and time is spent on employee for future returns. When the employee leaves the organization the investment is not realized.

Employee retention is defined as "the ability to hold onto those employees you want to keep, for longer than your competitors. (Johnson 2000).

Schuler and Jackson (2006) define retention as everything an employer does to encourage qualified and productive employees to continue working for the organization. Effective recruitment and retention efforts attract individuals and retain them for long time in the organization.

Employee turnover in IT companies has terrible effects on the organization. The high attrition costs increases the costs to organization and combats with unplanned exits. High attrition leads to drain on the company's resources like recruitment and the time. It also affects the productivity of the organization.

REVIEW OF LITERATURE:-

Capelli (2000) indicated that several factors are considered important in a well functioning of employee retention. The determinants that are considered to have a direct affect are work environment, career opportunities and work life balance.

Cole (2000) suggests that people stay at such companies where there is a sense of pride and will work to their fullest potential. The reasons to stay are work environment, rewards, growth and development and work life balance.



The present part of the study provides literature review on the employee retention determinants with a particular focus on work environment, career development opportunities, compensation. Work environment is one of the factors that affect employee's decision to stay with the organization (Zeytinogly & Denton 2005). Employees get benefited by work environment that provide sense of belongingness, satisfaction and enhance the commitment levels.

According to Heathfield (2008) the organizations should prioritize employee recognition to create a positive, productive and innovative organizational climate. Organizations must provide employee recognition to encourage more of the actions and thinking known to contribute to organizational success.

MC Intyre (2012) argues that for employees who are driven and desire to progress to a higher level in the organization career development may play a key role in providing them with job satisfaction which in turn leads to employee retention. Employees need to be rewarded for their achievements and provided with opportunities for advancement.

Vance (2004) states that compensation consists of financial (Pay & benefits) and non financial elements (Perks), such as on-site day care, employee assistance programs, subsidized cafeterias, travel discounts, organizing picnics and so on. The most effective compensation plans support talent – attraction & retention.

NEED FOR THE STUDY:

In present scenario the employees are supposed to be an organizations best asset that many companies are still failing to retain their employees for longer period are provide them with more opportunities for promotional aspects invariably result in an unhappy work force, higher rates of absenteeism, lower morale and productivity and ultimately lower customer satisfaction. Companies which neglect their employee's development and ignore their carrier aspirations are in serious risk of losing their talent pool and jeopardizing business success.

Keeping in view of above aspects, the retention management has become a popular concept to examine the portfolio of human resource practices put into place by organization in order to reduce voluntary turnover rates. In order to curb the entry of such unproductive evils, into the organizations and put the organizational productivity on more modern and rational lines that this study is proposed to be taken up.



RESEARCH METHDOLOGY:

Objectives of the study:

1. To examine various factors which influence talent retention in IT industry.
2. To assess the role of demographic, work environment and motivational variables in talent retention.

Methodology and Sample design

For the purpose of the study, both primary and secondary data sources of information were used. Published books, journals and periodicals, etc., constituted the secondary sources of information. Primary data was collected by administering a structured questionnaire to a sample of 100 IT Professionals working in different organizations. The data collected from the respondents has been used for analysis. Each of the attribute in questionnaire was measured on 5 point scale and questionnaire was tested with Cronobach's alpha reliability test, factor analysis technique was used to analyze the primary data.

RESULTS & DISCUSSION:

Reliability of the instrument

A reliability test was done to measure the Cronbach alpha of the instrument. This is a measure assessing the reliability (Cronbach, 1951). Nunnally (1978) recommends that the value of alpha should be more than 0.7. High value of Cronbach alpha indicates high internal consistency of the multiple items measuring the construct. The instrument has Cronbach alpha value 0.783 indicating high level of reliability

Table 1: Reliability Statistics	
Cronbach's Alpha	N of Items
.783	18

Data Analysis

A structured questionnaire was designed that contained a list of 18 variables that help in determining talent retention. Respondents were asked to rate the variables on a scale of 1-5 according to the importance of the variables in measuring talent retention. The variables used in questionnaire for the study are Age, Gender, Work environment related are Autonomy and individuality, Superior and subordinate relationships, Effective leadership, Equal opportunities, Employee involvement, Freedom to express ideas, Caring and



supportive environment. Career development variables include professional growth and development, Training and development, Fair promotional opportunities. Motivational variables include Employee recognition, Rewards, Job sculpting and Pay package.

Factor analysis

Factor analysis was deemed necessary since it was considered prudent statistically to ascertain whether the adopted list of variables (items) pictured differing dimensions of talent retention. To check the sampling adequacy Kaiser-Meyer-Olkin (KMO) measure was used. This statistic should be greater than 0.5 for satisfactory analysis to produce. For this scale KMO measure is 0.655 and, therefore, satisfactory also. Bartlett's test is significant. This means that the items included in the scale do have correlation to each other. Thus, factor analysis is an appropriate technique for analyzing the data.

Table 2: KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.655
Bartlett's Test of Sphericity	Approx. Chi-Square	258.356
	Df	153
	Sig.	.000

Table 3: Communalities		
	Initial	Extraction
Gender	1.000	.697
Age	1.000	.676
Autonomy & Individuality	1.000	.649
Superior Subordinate relationships	1.000	.723
Equal Opportunities	1.000	.571
Environment Of Openness	1.000	.586
Employee Recognition	1.000	.703
Employee Involvement	1.000	.548
Professional Growth & Development	1.000	.664
Training & Development	1.000	.705
Rewards	1.000	.663
Freedom to Express New Ideas	1.000	.737
Job Sculpting	1.000	.589
Caring & Supportive Environment	1.000	.667
Pay Package	1.000	.606
Effective Leadership	1.000	.722
Work Life Balance	1.000	.655
Promotional Opportunities	1.000	.468
Extraction Method: Principal Component Analysis.		



A factor loading is the correlation between an item and a factor that has been extracted from the data. Six factors are extracted from the analysis.

On the basis of Varimax rotation all the variables that have factors loading around 0.50 are extracted. Extraction has been limited to six factors. All the 6 factors contributed to 64% of variance. 15.703 Variance is explained by factor 1, 12.76 % explained by factor 2, 10.23% explained by factor 3, 9.375% explained by factor 4, 8.56% explained by factor 5, 7.96% explained by factor 6 .

Table 4: Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.485	24.915	24.915	4.485	24.915	24.915	2.827	15.703	15.703
2	1.890	10.502	35.417	1.890	10.502	35.417	2.297	12.761	28.464
3	1.507	8.370	43.787	1.507	8.370	43.787	1.843	10.239	38.703
4	1.396	7.755	51.542	1.396	7.755	51.542	1.688	9.375	48.079
5	1.237	6.872	58.414	1.237	6.872	58.414	1.542	8.564	56.643
6	1.115	6.196	64.609	1.115	6.196	64.609	1.434	7.966	64.609
7	.932	5.177	69.787						
8	.878	4.879	74.666						
9	.757	4.206	78.872						
10	.752	4.178	83.050						
11	.615	3.416	86.466						
12	.559	3.107	89.573						
13	.454	2.522	92.095						
14	.390	2.168	94.263						
15	.352	1.956	96.218						
16	.303	1.683	97.901						
17	.232	1.290	99.192						
18	.146	.808	100.000						
Extraction Method: Principal Component Analysis.									



Table 5: Varimax Rotated Component Matrix^a

	Component					
	Employee empowerment	Development	Motivation	Work life Policies	Work environment	Decision making
Gender						.819
Age						
AI	.					.444
SS					.502	
EO	.661					
EOP		.529	.446			
ER			.791			
EI	.591					
PGD		.617				
TD		.824				
REW	.725					
FNI					.853	
JSC	.691					
CSE		.525				
PP			.		.468	
EL				.581		
WLB				.794		
PO						
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 10 iterations.						

Factor 1: *Employee empowerment* - Equal opportunities, Employee involvement, Job sculpting

Factor 2: *Development* – Professional growth& development, Training & development, Caring & supportive environment.

Factor 3: *Motivation* - Employee recognition, Environment of openness.

Factor 4: *Work life Policies*- Effective leadership, Work life balance

Factor 5: *Work environment*- Superior subordinate relationships, Freedom to express new ideas, Pay package

Factor 6: *Decision making* – Autonomy and individuality



Findings:

The major findings of the study as follows:

The most important factors which influence talent retention are motivation, development and work related aspects. Motivational factors include variables like recognition and environment of openness where employees get valued and respectful treatment. Developmental aspect of employees has significant impact on talent retention. Training and career development opportunities to attract and retain best talent in organization.

The companies are facing cut throat competition to retain talent. Work related factors includes conducive work environment where amicable superior and subordinate relationships exists which allows employees freely express their new ideas.

SUGGESTIONS AND CONCLUSION:

Talent retention is important to organizations for increasing productivity and job satisfaction. Organizations need to implement effective retention strategies to attain competitive advantage in competitive business environment. A company can strengthen its bond with its employees by developing them. It has to offer training and promotional opportunities that let employees to improve their employability in labor market. Organization must groom supervisors to well build the place where employees get praising, recognition and support. Management has to provide productive, respectful environment which creates feeling of inclusiveness and offers friendly setting to employees. Attractive remuneration and rewards are very important for job satisfaction and retention. Organizations reward system should able to fulfill the basic needs as well as helps to attain the higher level goals. Management need to monitor levels of stress and work- life policies in order to provide opportunity to advance the relationship between organization and employees. Management can support employees by providing them recognition, appreciation, proper counseling and providing emotional support.

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