

A Study on Talent Management Practices and its Impact on Employee Retention in it Industry in Coimbatore District

E.Kamatchi Muthulakshmi^a, G.K Kalaimani^b.

^aPh.D Research Scholar, Sri Vasavi College, Erode, India

^bAssistant Professor ,Research Guide, Sri Vasavi College, Erode, India

Abstract

The paper aims at understanding the Talent Management Practices followed in IT Industry and how it influences retaining of Employees. Retaining of Talented employees has become a critical issue for the IT Industry, as it is knowledge based. Human capital plays a very important role and hence the present study aims at practices to retain them. The study also attempts to analyze various factors contributing to Talent retention. A well – structured questionnaire measures the responses and majority of the respondents are star performers. The Questionnaire has been validated to examine the relationship between various factors. Total numbers of respondents were 500. The Cronbach alpha indicated in the column Reliability Co – efficient for all the factors taken for study exceeds 0.7 which indicates strong internal consistency among the variables. T – test and ANOVA are used in the study to test the equality among each demographic variable. Confirmatory Factor analysis is used to test the components of Talent Development and Retention Practices.

KEYWORDS: Talent Management, Development, Employee Engagement, Employee Retention

BACKGROUND

The role of IT Industries towards economic growth has been tremendous in the last few years. This is because of the western companies' dependency on outsourcing the work to India. The IT Industry being a hub of Innovators provides world – class technology across the globe. Leading IT companies like Google, Accenture, etc., have set up their offices in India. This makes it possible in changing the Indian Economy from a agricultural – based economy to a knowledge – driven economy. Also, the impact created by IT Sector on the lives of many people is significant. The recent Employee turnover report given by Pay scale indicates that Employee turnover rate among Fortune 500 companies is the highest. According to Nasscom's research, the IT sector generates huge revenues which indicates a positive metamorphosis of the Indian Economy. Employee Turnover means the percentage of Company's employees leaving during a specified period. Many reasons tend employees to leave the company. Some of the reasons are alignment between pay & performance being poor, less opportunities for growth & advancement. IT being knowledge – based Industry, relies heavily on talented Employees. Hence, the turnover of these talented Employees should be given a serious look to nip in the bud.

OBJECTIVES

The Objectives of the Study are

- 1) To know the extent of importance of Talent Management Practices in IT Industries
- 2) To understand the level of impact of Talent Management Practices in retaining Employees

- 3) To know the Attraction and Development Practices in Talent Management
- 4) To study the Performance Management Practices and Employee Engagement Practices
- 5) To develop a Theoretical Model linking Talent Management and Employee Retention

THEORETICAL FRAMEWORK

Talent in general terms refer to the capabilities, skills or the art a person possesses in a particular field. It also refers to those people who have high potential, scarce knowledge and skill or who can successfully bring about transformation and change in the Organization. Talent Management is the integrated process of ensuring that an Organization has a continuous supply of highly productive individuals in the right job, at the right time. Talent Management not only focuses on attracting the best people towards the Industry. It is a process that talks about sourcing the right talent, hiring, developing their capabilities, retaining and giving promotion opportunities to them to ensure that talented people are available throughout. Talent Management is considered as a Business strategy and integrated with the entire employee related processes of the Organization. Talent Management is a continuous process that plans Talent needs, builds an image to attract the very best and ensures that the new hires become immediately productive. The main goal of the Talent Management process is to increase overall workforce productivity by improved attraction, retention and utilizing the Talent. Talent Management seeks to focus on employee's potential, meaning focusing on the employee's future performance. The other terms used are Human Capital Management, Employee relationship Management and workforce Management. The Ultimate goal is to develop and maintain a talent pool which consists of skilled, engaged and committed workforce. The guidelines for Talent Management are Developing employees, Redeploying employees and retaining the best talent.

LITERATURE REVIEW

Sheehan(2001) in his study revealed that there are negative psychological influences of the employees who have left the organization on the employees who are working in an organization after the employee turnover.**Rao(2007)** in his study indicated that attrition has an impact on both an individual and an organization and it should be managed effectively.**Pandit (2007)** discussed the top five challenges faced by the human resource managers in his study. The author conducted an online survey among Human Resource managers across a wide range of companies.**Rosemary and Colvin (2011)** in their study identified the factors responsible for employee attrition and suggested solution for reducing it. The study revealed that lack of satisfaction with human resource plans and policies and poor working conditions are the major reasons for employee attrition. **Kishor and Jha (2012)** in their study described the issues and causes related to attrition of employees and challenges in retaining the talented employees. The author reveals that employee attrition is a very serious problem and a misery of every industry.

Sabita (2007) in her study revealed that right salary is important to interest and retain talent of an organization and she also indicated that there is need for contemplation on how employees are hired, inducted, motivated and engaged Attrition is strongly affects the growth of an organization. **Deisi (2000)** indicated that with the intention to investigate the role of HR practices and the Perceived Organization Support (POS) in the process of key employee retention, the study developed a model that was empirically explored through the case studies.

METHODOLOGY

Sampling design

The universe for the study comprises of the IT employees in Coimbatore District. Random sampling method has been used. The required data were collected totally from 500 employees.

Area of the Study

The location selected is at Coimbatore District in Tamil Nadu.

Period of the Study

The study has been conducted from 2011 to 2017 for analysis of secondary data relating to various aspects of trends in IT, Job Opportunity in IT, different talent development practices in IT, talent retention practices and comparison of salary and benefit among IT industry employee at Chennai. The primary data relating to the opinion of employees about the talent management practices and their satisfaction level in IT sectors at Chennai have been collected.

Research design

Descriptive Research Design is used in the study to know the employee Talent Management practices in IT industry and its impact, employee satisfaction level, attraction and development practices and its key dimensions in IT sector. The questionnaire has four sections. In the first part, Socio-economic and demographic criteria like Gender, age, marital status, Designation, Experience, Income, etc were collected. In the second part, respondents were asked to evaluate parameters on talent attraction practices relating to Employer branding. The third part deals with Talent Development practices like Learning and development, Mentoring, Leadership development, Performance management system, performance appraisal about IT sector industry on a 5 point scale (“Strongly Agree” to “Strongly Disagree”) and finally in the fourth part, Talent retention practices of IT industry like present job, compensation, Rewards & Benefits and employee engagement of IT sector industry on a 5 point scale (Highly satisfied” to “Highly Dissatisfied”)

Data Collection

A pre-tested questionnaire was prepared and used to collect the Primary data. Journals, Magazines, Publications and Various websites including the official websites of IT industries have been referred to collect the secondary data. The published research reports and market studies also helped the researcher to probe into the problem.

Statistical tools used

The collected data have been consolidated, tabulated and analyzed by using relevant statistical tools like, Frequency Statistics, Descriptive statistics, Standard Deviation, Independent sample t-test, ANOVA test, Mann-Whitney U test, Kruskal Wallis Test, Multiple regression analysis, Correlation, Perceptual Mapping and Henry Garret Ranking Method. The SPSS 16 package was utilized for analyzing the data. The interpretation of the study is done by using tables, graphs and charts to give meaningful results.

ANALYSIS

- 1) Ranking of factors of Employer Branding
- 2) Test for equality of ranking pattern among gender groups on various factors of

on each of the factor of employer branding.

3) Ranking of factors of Performance

4) Test for equality of ranking pattern among gender groups on various factors of Performance Management System

5) Model fitting : Multiple Regression Analysis

6) Structural Equation Modeling

6.1 Measurement Model of Talent Development & Talent Retention Practices

The components of Talent Development Practices and Talent Retention Practices are tested for validation and acceptance in Measurement Model by performing Confirmatory Factor Analysis. It helps to study the model very closely. The measurement model is being depicted in Figure No.6.1

Figure No.6.1 Measurement Model for Talent Development & Retention Practices

The individual reliability of the items was evaluated using factor loadings (Ce'sar Camiso'n and Ana VillarLo'pez 2010). Carmines and Zeller (1979) has propagated that the factor loadings should not be less than 0.707 to constitute a valid model. However, some researchers such as Barclay et al., 1995 and Chin, 1998) are of the opinion that factor loadings to the extent of 0.5 or 0.6 is acceptable. It can be observed from the above model that the factor loadings are very much below the recommended value for several variables it shows the factors having individual reliability is not attained. Hence the researcher decided to remove those variables which do not contribute to the variation of their components. It may further be observed from the above figure that there is a high degree of positive correlation between Employee Engagement and Rewards & Benefits and not very high correlations between the other variables.

Figure 6.3 Structural Model for Employee Engagement

It was found through the initial analysis that there was a very low covariance between Talent Development Practices and Talent Retention Practices and also very low correlation between Talent Development Practices and Employee Engagement. The model with loadings obtained through SPSS AMOS software is depicted in Figure 6.4

Figure 6.4 Structural Model for Employee Engagement (with loadings)

It may be noted from the above figure that the component Talent Development Practices has a very low correlation between Talent Retention Practices (.08) and Employee Engagement (.01). This implies that Talent Development Practices do not contribute anything to Employment Engagement and in other words Talent Development Practices do not have either direct or indirect impact on Employee Engagement. It may further be noted from the above figure that Talent Retention Practices has a significant positive impact (.56) with Employee Engagement. This could be verified through the relationship between the factor Rewards and Benefits and Talent Retention Practices (1.37) and the

other two factors Present Job and Compensation do not contribute much to the variation of the component Talent Retention Practices.

DISCUSSIONS AND IMPLICATIONS

The findings from the study are discussed below. When it comes to Employer Branding, Employees give first preference to whether the Organization values and makes se of Creativity while financial performance of the Organization is given the last preference. The respondents have been asked to rank the various factors of Employer Branding. The response was analyzed using Mann – Whitney U Test and the result is that the ranking pattern of male and Female on Employer Branding is same. In Performance management System, the highest preference is given to Critical Judgement of the Employees by the Organization. Mann – Whitney U Test was used to analyze the ranking pattern among the gender groups on various factors of Performance Management System and there is no difference in the ranking pattern among the gender.

Multiple Regression Analysis was done to know the relationship between Employee Engagement and Talent Development and Retention Practices. The mean level of agreement of respondents on the variable Employee Engagement is 4.19, which means that the respondents agree to the fact that they are engaged in their work. A Model was fitted through SPSS software. The model has an adjusted R – Square of 0.494 which means about 50% of the variation in the dependent variable satisfaction level of respondents was explained by the Independent Variable. Structural Equation Modeling was done and it was found that a high degree of positive correlation exists between Employee Engagement and Rewards & Benefits. Also, Talent Development Practices have no direct or indirect Impact on Employee Engagement while Talent Retention Practices have a significant positive impact on Employee Engagement.

LIMITATIONS

1. One of the main limitations was the availability of time to collect the data which delayed the further processing and analyzing of the data.
2. The study is confined only to employees of IT industries in Chennai.
3. Due to time constraint, the researcher covered only a limited period of study i.e. 2010-2015.
4. Sample size is limited to 500. The sample size may not adequately represent the whole market.
5. The information given by the respondents may be biased due to various reasons.

REFERENCE

1. AlaknandaDhotre (2010), “Attrition in Pharmaceutical Industry: Human Resource Management’s Roles and Strategies”, International Research Journal, 1(2)
2. **BalanagaGurunathan and Vijaylakshmi (2012)**, “Theoretical Construct on Employee Retention Strategies and Its Bang in Automobile industry in India”, European Journal of Social Sciences, 30(2), pp.254-262
3. **Batt Rosemary and Alexander J.S. Colvin, (2011)**, **Employee Attrition**, Academy of Management Journal, 54 (4), p.697
4. BhanupriyaGidwani and Tariq Aziz (2012), “Talent Transition Strategies for Departing Employees”, International Journal of Management Research, 2(1), pp.23-27

5. **BrijeshKishor and SushmitaJha (2012)**, “Attrition issues and Retention Challenges of Employees”, International Journal of Scientific & Engineering Research, 3(4), pp.1-5
6. Chris Smith Selby, Maria Daskalaki, Tony Elger and Donna Brown (2008), “Labour turnover and management retention strategies in new manufacturing plants”, International Journal of Human Resource Management, 22(2), pp. 395-416
7. DeisiPatriota (2000), “The employee recognition and reward programme can generate significant revenues and profit”, Employee Retention- Recognition Council, 35(5), pp. 103-105
8. Dmitry Kucherov and Elena Zavyalova (2012), “Human Resource Development Practices and Talent Management in the Companies with the Employer Brand”, European Journal of Training and Development, 36(2), pp.84-89
9. **E. P. Sheehan(2001)**’, “Affective responses to Employee Turnover”, Journal of Social Psychology, 135: p 63-69
10. Gakovic, Anika and Keith Yardley (2007), Global Talent Management at HSBC”. Organization Development Journal, 25(2), pp.201-205
11. Glen, and Clayton (2006), “Key Skills Retention and Motivation: The War for Talent Still Rages and Retention is the High Ground”, Industrial and Commercial Training, 38(1), pp. 37-45
12. Guer, Solari and Luca (2012), “Talent Management Practices in Italy – Implications for Human Resource Development”, International Journal of Human Resource Development, 15(1), pp.25-41