

ANALYSIS OF FACTORS DETERMINING THE RETENTION OF TALENTED EMPLOYEES

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Abstract

The paper deals with the issue of talented employees, focusing in particular on the issue of retention of talented employees, currently one of the most important practices of human resource management. The paper also presents the results of the research carried out on a sample of 210 talented employees working in organizations in the Slovak Republic. The aim of the research was to determine whether there are statistically significant relationships between selected retention factors and the commitment of talented employees. For this purpose, 5 statistical hypotheses were tested using Pearson's correlation coefficient. It was confirmed that succession planning, learning and education, the possibility of flexible working hours and the possibility of presenting own proposals and ideas could be seen as determining factors of talent retention.

Key words: talented employees, retention, commitment, human resources

JEL Code: M12, M53

Introduction

The knowledge and skills of employees represent the intangible assets of the organization, which together with the tangible assets represent the total assets of the organization. For this reason, the competitiveness of any organization depends on the talent of its employees. Choosing the right talent can be a competitive advantage. It should be noted, however, that talented employees are also attractive to other employers who, eventually, may become more attractive to these talents than the current employer. Therefore, companies must be prepared to know how to handle this cycle of change (Bihani and Dalal, 2014). One of the current challenges of human resource management is not the issue of how to acquire but how to retain talented employees so demanded on the labour market.

1 Theoretical background of the issue of retention of talented employees.

At a time when skills and knowledge of employees are one of the main competitive advantages of an organization, employers cannot ignore the importance of acquiring and retaining talented people. Lack of talent hinders the organization's efforts in the implementation of growth strategies, thereby jeopardizing the organization's sustainability. The transition from the industrial era to the era of knowledge has led to many changes - the paradigm of the employer-employee relationship has changed, in particular, and the curve of supply and demand for talents is changing too as a result of increasing demand for talent. The quest for victory in the war for talent is on in many companies from all over the world (Florinda Matos, 2012).

Organizations compete with each other over who presents a more attractive offer to prospective employees. Organizations need to understand and define their key talents which they cannot afford to lose. Often, organizations believe that their employees are "trapped" in their organizations, especially when they are properly financially rewarded, as financial rewards are an important factor in keeping employees in the organization. However, such an assumption may prove ineffective over time. No organization can keep increasing rewards of its employees in the long run just to keep them. This situation thus requires organizations to identify specific factors that lead to employee commitment and loyalty to the organization (Botha, Bussin and De Swardt, 2011). By doing so, the organization would not only achieve its short-term goals, but also commit to the issue of talent management (Shelton, 2001). At present, organizations do not have to deal only with the problem of losing a valuable employee, but also with the process and costs associated with refilling the vacant position (Kavitha, Geetha and Arunachalam, 2011).

The employer's brand seems to be one of the most important aspects for attracting and retaining talented employees. However, there is a gap between the talent which the organization recruits and the talent needed for the job. This gap leads to dissatisfaction, which in turn leads to attrition (Lewis and Heckman, 2006). Attrition is the result of several factors. There is an indirect relationship between stress and job satisfaction - the higher the stress, the lower the satisfaction. The authors also state a direct relationship between job satisfaction and commitment to the organization - the lower the satisfaction, the lower the commitment to the organization. An employee who is satisfied with his/ her position in the organization and feels

positive towards the organization expresses higher satisfaction and also higher levels of commitment.

It is necessary to provide employees with adequate opportunities within the organization. Therefore, it is crucial to focus on providing the opportunity to expand and improve one's knowledge within the organization. It is also clear that employees are more likely to stay in the organization if they see themselves working in the organization for a longer time - they gain more experience and enjoy the benefits that are associated with senior positions. Another major factor in employee retention is the balance between the work life and personal life that the organization provides. Employees see work-life balance as a key to effective performance (Griffeth, Hom and Gaertner, 2000). Organizations should therefore strive to create and maintain their positive reputation in order to retain their employees (Gallo and Tomčíková, 2010). Griffeth, Hom and Gaertner (2000) noted that salary-related variables have only a small effect on employee turnover. Studies have revealed the satisfaction of employees with their work and the organization as such form the very basis of employee retention concept. Employee retention programs that support training, career planning and provide growth and knowledge-sharing opportunities are perceived as more valuable and have a stronger impact on the decision to stay in the organization. Also, factors such as the system of rewards, career planning, employee care increase the productivity of employees as well as their commitment to the organization.

The literature shows that different companies have different ways of handling talents they value the most. Garrow and Hirsh (2008) emphasize the so-called Flexible Work Practices (FWPs), which can be defined as practices that allow employees and superiors to adjust work plans, work duties, and responsibilities in accordance with family responsibilities and other personal circumstances. It has been found that for the survival of the organization it is important not only to acquire the best talent, but also the ability to use this talent and retain it (Collings and Mellahi, 2009).

Apart from flexible working practices, studies also point to some other groups of benefits associated with talent retention. Mäkelä, Björkman and Ehrnrooth (2010) report the following employee retention benefits:

- Increased morale.
- Higher commitment.
- Increased productivity.
- Sense of belonging and empowerment.
- Fewer absences.

The employee retention is based on four main things - remuneration, work environment, growth opportunities and adequate support from the employer. Retention strategies should include these factors and take into consideration employee needs and expectations. Only then can the retention strategy be successful and effective in the long run (Statatabaei and Mami, 2015).

2 Objectives and methods.

In order to analyze the situation in the field of retention of talented workers in Slovak organizations, research was carried out on a sample of 210 employees. The subject of the research was selected practices defined by the authors Bihani and Dalal (2014) as factors influencing the retention of talented employees:

1. Succession planning.
2. Motivation for education and development on the part of the employer.
3. Adequate working environment.
4. Flexible working hours.
5. Recognition of ideas (or the ability to present their own ideas, suggestions).

These 5 factors are based on a study by Bihani and Dalali (2014) who pointed to a direct relationship between the application of the practices and retention. These factors in the research represent independent variables. Retention was measured through the employee's commitment to the organization, because if the employee shows high commitment levels, he is less likely to consider changing the job. Employee commitment is a dependent variable.

Factors influencing retention were measured on the Likert scale 1 - 7, where the value 1 expresses the minimum level of fulfillment of the given factor and the value 7 - the maximum level. Commitment was also measured on a scale of 1 (very low commitment) to 7 (very high commitment). For the purpose of fulfilling the research goal, in particular to determine the statistically significant connections between selected factors and commitment, 5 hypotheses were tested. Pearson's correlation coefficient was used to test the hypotheses.

The research sample consisted of 210 employees operating in organizations in the Slovak Republic. There were contacted 270 organizations with more than 250 employees, as it was assumed that large organizations have more key job positions that are filled by talented employees (the number of employees was a criterion for selecting the organizations addressed). Of the 270 organizations contacted, 62 organizations were interested in participating in the research (22.96 % rate of return), and finally 210 completed

questionnaires were obtained from talented employees. Data collection took place in the period from January to March 2020.

3 Results and discussion.

Within the research, 5 hypotheses were tested. Their aim was to determine whether there is a statistically significant relationship between the level of meeting the selected factors and commitment.

The first independent variable examined is succession planning. It can be assumed that one of the most important aspects for retaining a talented employee is to show him the possible career path in the organization. If a talented employee cannot fill the position once occupied by a talented employee, the organization would suffer a loss. The results of the hypothesis testing are shown in Table 1.

Research question 1: Is there a statistically significant relationship between succession planning and commitment of talented employees?

H1: We assume the existence of a statistically significant relationship between succession planning and commitment of talented employees.

Tab. 1: Testing H1

Independent variable - Succession planning	
Ro	.397
p	.001
n	210

Source: SPSS Statistics 21.

Based on the correlation results, hypothesis H1 can be accepted - the value of Pearson's correlation coefficient expresses the mean dependence. Based on this, it can be confirmed that succession planning plays an important role in retaining talented employees. Therefore, the organization should focus on creating the so-called talent pool and plan the activities of talented employees to use them efficiently.

The second variable is education and learning encouragement. One of the reasons of the employee stagnation is the absence of further development and training (especially today, as the world revolves around innovations and new knowledge). However, problems may arise if development and training are left to the sole discretion of the employee - employee may not know what knowledge or skills he needs to develop or may not see further education as

something that would help him advance his career. Therefore, support from the organization is essential for the retention of talented employees.

Research question 2: Is there a statistically significant relationship between education and learning encouragement and commitment of talented employees?

H2: We assume the existence of a statistically significant relationship between education and learning encouragement and commitment.

Tab. 2: Testing H2

Independent variable - Education and learning encouragement	
Ro	.430
p	.000
n	210

Source: SPSS Statistics 21.

The hypothesis H2 was confirmed and it can be stated that if the organization stimulates its employees to pursue education and learning, employees shows a higher level of commitment to the employer. The value of Pearson's coefficient indicates a moderately strong correlation of the investigated variables. Thus, it can be said that this practice can be perceived as an important determinant of employee retention.

The work environment as another examined independent variable is a relatively wide area to research. Therefore, respondents were asked to express their perception of the work environment in terms of safety, comfort and support (as reported by Bihani and Dalali [9]). The aim of these aspects is to make employees feel comfortable and create conditions for ensuring development in the organization.

Research question 3: Is there a statistically significant relationship between work environment and commitment of talented employees?

H3: We assume the existence of a statistically significant relationship between the work environment and commitment.

Tab. 3: Testing H3

Independent variable - Work environment	
Ro	.209
p	.082
n	210

Source: SPSS Statistics 21.

The hypothesis H3 was not confirmed. Based on the answers of the respondents, it cannot be assumed that the work environment has an impact on the commitment of employees. It is possible to justify that the work environment can be perceived more as the so-called hygienic factor (based on Herzberg's theory of motivation). If the workplace meets standard requirements, it does not act as an incentive for the employee's performance. However, if the workplace is below-standard, it may act as a demotivating aspect and affect employees in a negative way.

Flexible working hours have also been examined as a factor that can affect employee retention. It is often a desirable aspect of working life, as it allows employees to organize their own work and private life and thus eliminate possible restrictions in their private life (childcare, active leisure, etc.). At the same time, flexible working hours may help bust certain stereotypes that can have a negative impact on the performance.

Research question 4: Is there a statistically significant relationship between flexible working hours and commitment of talented employees?

H4: We assume the existence of a statistically significant relationship between flexible working hours and commitment.

Tab. 4: Testing H4

Independent variable - Flexible working hours	
Ro	.335
p	.005
n	210

Source: SPSS Statistics 21.

On the basis of the correlation analysis, we confirmed the hypothesis H4 - flexible working hours do affect the employee's commitment to the organization. If possible, the organization should create a flexible working hours program as it can help assess employee's commitment and performance. The ability to provide maximum work performance is determined by the personality of the employee and his daily cycle – it widely differs from person to person. If the private life of the employee requires a certain degree of flexibility in the work life, and this need is not met by the employer, the employee is likely to consider leaving the organization.

The need for self-realization is typical for talented employees. It is necessary to create conditions for personal development and self-realization of such employees. Therefore, the recognition of employee's ideas and suggestions was another factor examined.

Research question 5: Is there a statistically significant relationship between the recognition of employee ideas / suggestions and commitment of talented employees?

H5: We assume the existence of a statistically significant relationship between the recognition of employee ideas / suggestions and the commitment.

Tab. 5: Testing H5

Independent variable - Recognition of employee ideas and suggestions	
Ro	.247
p	.039
n	210

Source: SPSS Statistics 21.

Based on the results, the hypothesis H5 was accepted. Therefore, it can be stated that recognition of employee ideas and suggestions affects the retention of talented employees.

Based on the results of the correlation analysis, it is clear that the employee retention is influenced by several factors. According to the results (Pearson's coefficient), the most significant impact on commitment is posed by the education and training - this aspect shows a positive impact on the development of individuals and the organization itself. Other important factors that have been confirmed are succession planning and flexible working hours. The lower value of the correlation coefficient is shown for the factor recognition of employee ideas / suggestions and the associated commitment. The assumption was not confirmed in the case of the independent variable work environment.

The research results pointed to the fact that employee retention can be directly influenced by the activities of the organization - not only by material incentives but also by intangible incentives that support employee development and performance. It is important that the organization has its own talent pool and a strategy for developing and using its talents, as talent is an exceptional human resource that is in demand in the labor market. When working with talented employees, it is essential to know their needs and requirements, and adapt the incentive program and the employee retention program accordingly. As these are talented workers who know their value in the labor market, it is important to continuously assess their satisfaction and, in case of dissatisfaction, lead a dialogue in an effort to eliminate the causes of dissatisfaction. Retaining talented employees is therefore often a much more demanding human resource management practice than acquiring them. Without this category of employees, the organization would not be able to meet its goals to the specified extent.

Conclusion

At present, the talented employee has become the most valuable resource of the organization, because it is the talented employee who has the prerequisites to boost the growth and progress of the organization. For this reason, special attention is paid to the issue of acquisition and retention of talented employees. Employee retention is directly linked to employee commitment, because only an employee who feels a strong commitment to their organization is likely to remain. It is therefore the role of the organization to identify which practices or factors affect the creation of a strong commitment in talented employees. As there is a cap on financial rewards, organizations must provide, in particular, non-financial incentives to ensure the retention of their employees. The choice of non-financial incentives should be depended on the nature of the work performed, the characteristics of the work environment and the development potential of the talented employees. Based on the research conducted in the Slovak Republic, it was confirmed that practices such as succession planning, support of further education and learning, flexible working hours and the possibility to present own proposals and ideas have an impact on creating the sense of commitment in talented employees and are positively related to talent retention.

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