EFFECT OF TALENT MANAGEMENT IN EMPLOYEE RETENTION IN IT INDUSTRY

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Abstract :   In this paper a brief discussion about the existing Talent Management practices that are followed in the IT companies are made and how Talent management practices help in employee retention. The role of Talent management, which is a part of HRM plays a vital role in retaining skilled employees in an organization Talent management gives special focus on recognizing a person's inherent ability, character, personality and offering him appropriate job. Every person has a unique talent that suits a particular career profile and any other position will cause uneasiness. The statistical tool SPSS 20 is   used for analysis. The respondens are both employees and HR. Primary data collection was done with a structured Questionnaire. Factor Analysis and Multiple Regression Analysis was used for analysis. Three major Talent Management Practice was selected as Satisfaction with the Employee benefits and policies, Satisfaction with the salary and benefits, Managing performance. The findings from the research is among the three practices satisfaction with the salary and benefits plays the primary role in retaining the employees in the companies. Other two also has a significant part in Retention.

Index terms : Talent management, IT industry, Performance, Salary and benefits.

I. INTRODUCTION

Talent management in recent years has gained importance because companies has to update their policies frequently to withstand the competitive market. Companies feel attracting Talented employees to their company, sustaining them, accessibility of education and career development opputunities, Successsion planning are considered to be their major concerns. Employee now prefer a surroundings where they get good chance to improve themselves, revamp and where their ideas are valued. As a result of globalization labour market has entered new era with tough competition. On the other hand the cost of recruiting employees and retaining skilled employees`are the major cost of the company.

The achievement of organization depends on talented employee retention which helps the organization in reducing employees' turnover objective and enhancing organizational efficiency. So organization pays more attention in retention and attraction rather than recruitment and selection. After completion of training if an employee leaves an organization the company experience a remarkable loss. So retaining talented employees gains more importance.

II. REVIEW OF LITERATURE

The topic of talent management has been examined from a range of angles, especially in the mainstream management literature. Thunnissen[1] (2013), for example, provide an overview of the literature in the area of talent management between the years 2001 to 2012. These authors found 62 articles using the key word search of "talent" and "talent management", but only found one article dealing with talent management in hospitality
or tourism. So, while the generic management literature perceived talent management as a priority research area, hospitality researchers were less focussed on this. Baum[2] (2008) suggests that this is because the term "talent management" in the hospitality and tourism industry is understood differently from other sectors of the economy. He argues that talent management in hospitality and tourism includes emotional, aesthetic and informational processes that other industries do not perceive as important. Baum's emphasis on the personal characteristics of managing talented staff is reinforced in the mainstream management research by authors such as Tucker[3] (2005) and Dries (2013) who argue that "attracting and retaining talented people is becoming increasingly difficult as a result of specific demographic and psychological trends" (Dries[4], 2013, p. 273). Research into the area of "talent management" in the hospitality industry, therefore, also needs to examine issues such as stress, emotional exhaustion and other personal employee dimensions.

Although Thunnissen (2013) study found only one article on talent management in the hospitality industry, this is more a result of the delimitations of the study rather than the reality. In 2008, the *Journal of International Contemporary Hospitality Management* published a special issue on talent management, and since that time, there has been some research done in the area. Work by Solnet[5](2013), for example, argues that talent management is still a key function of hospitality human resource staff, even though many human resource departments have been downsized, decentralised or eliminated because of internal and external environmental pressures.Research by Davidson and Wang[6] (2011) and Lub. (2012) argue that talent management in the

hospitality industry requires an acknowledgement of the differences in needs and behaviours of the generations. The focus of talent management in the hospitality industry appears to be different from that of the mainstream *management literature.*

Issues relating to personal employee dimensions is an area of research which the hospitality literature leads the mainstream management literature. The increase in research into WLB issues has contributed to overlap between both the personal employee dimensions such as stress and employee attitudes such as job satisfaction and organisational commitment. Some of the studies on these antecedents to employee turnover, therefore, have already been discussed under the previous themes. Yavas[7] (2013) study, however, fits well into the personal employee dimension theme in that it examines the role that hope plays in buffering stress and exhaustion as antecedents to employee turnover. These authors found that hope acts as a moderator to stress and exhaustion, which may then trigger turnover intentions. Stress and burnout were also found to influence employees' intention to leave in the study by Jung[8] (2012) with tenure providing moderating effects to turnover intentions.

Rachna Agarwal [9] (2015)The current study tries to explain and analyze the employee retention strategies followed by current IT companies. The IT sector persist with many factors which can affect and influence retention strategies and it is highly important to know and understand employee choice and expectations, which can stick them to engage for long periods of time and perform better. International explosion in business creates and provide more opportunities and employees are highly mobile not restricting to particular job. The present study aims to find out the different factors which can influence the employee retention and reasons that induce employee for leaving the organization. For analytical purpose Cronbach alpha and factor analysis has been used with the help of SPSS 17. The results of the current study indicate some suggestions and recommendations for employees' retention in IT sector with special reference to study of selected IT companies in Delhi NCR region. The tools used to analyze the data included Factor Analysis, Cronbach's Alpha for testing the reliability of scales and Weighted average method. The questionnaire consists of both open ended and closed ended questions. It consists of different parts. The author concluded that It is clearly revealed that in this current cut throat competition, the organization should aim to develop, implement and manage good and effective employee retention strategies which can enhance their loyalty and engagement for longer periods of time. Level of employee involvement, commitment and dedications are the indicators of retention. Organization now must have create strategies like good organizational culture having smooth working hours, competitive compensation structure, good working conditions, job autonomy, job enlargement, delegation and empowerment. If employees leaves the organization on regular basis, it will hinder the growth of organization in a bad way so it is must to have employee retention for best business achievements.
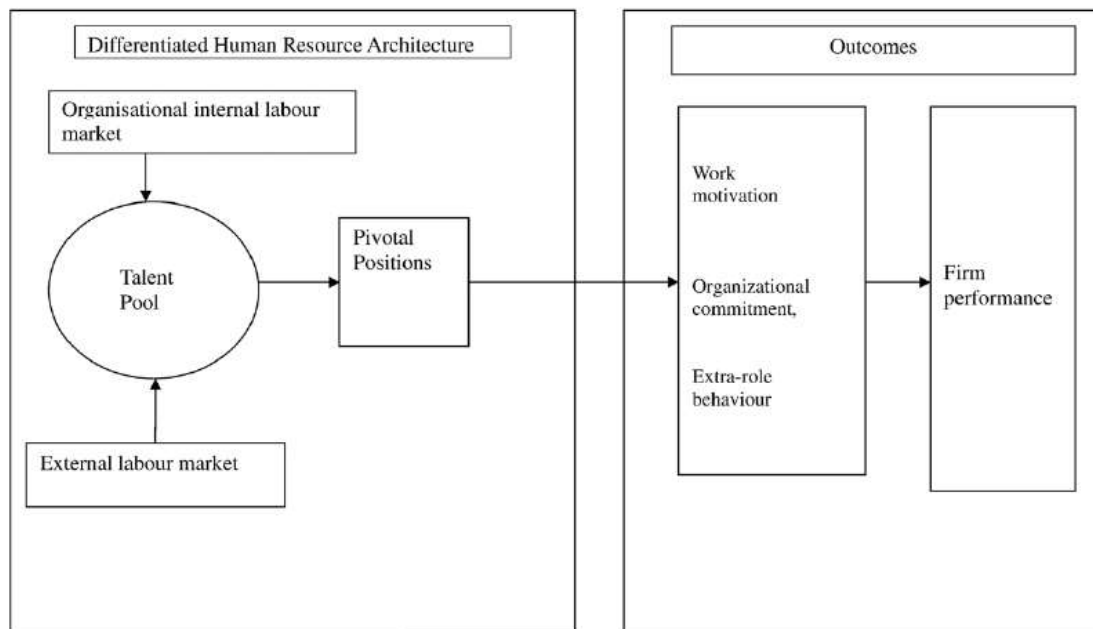
Source: (Collings, 2009)

Fig 1: A differentiated HR Approach: the Talent Management Approach
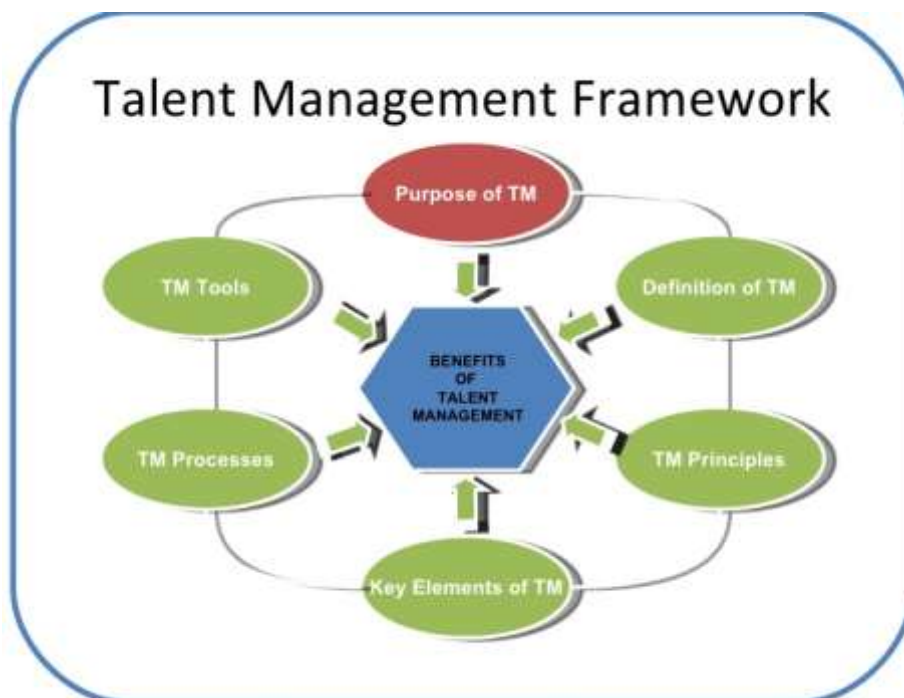
Source : SHMR

Fig 2 : TALENT MANAGEMENT FRAMEWORK
III. OBJECTIVES OF THE STUDY

a..To study the existing Talent Management practices in IT companies.
b. To analyze the various factors affecting employee retention.
c. To suggest the corrective measures in the Talent Management practices for effective
   employee retention in IT Companies.

IV. RESEARCH METHODOLOGY

          For this current study, descriptive research model has been carried out with specific objectives hence they result in definite conclusions. This research tries to explore the underlying factors which are important for talent retention in the IT sector byconducting survey to the employees. Five companies of IT sector were selected for collection of primary data in Chennai region.

          From each company, 20 respondents from middle level management were selected for the study. A structured questionnaire has been used to collect primary data from selected

respondents. Secondary data has been collected from various books and websites and journals.

The five companies for study were TCS, HCL Technologies Ltd., Cognizant Technology solutions, Sapient, Wipro. The researcher targeted survey by administering a structured questionnaire for 100. Each of the attribute in questionnaire was measured on 5 point scale. The data was analyzed with the help of SPSS 20. The tools used to analyze the data included Factor Analysis, Multiple Regression analysis for testing the reliability of scales and Weighted average method. The questionnaire consists of both open ended and closed ended questions. It consists of different parts. Convenience sampling method was used to collect the data. The questions are properly framed to abstract the information regarding their retention.

V. DATA ANALYSIS & PRESENTATION

          The sample size was 100 taken from 5 selected IT companies from Chennai. Out of this 45 percent were software engineers, 35 percent were senior software engineers and 20

percent were technical leaders. In total respondents 68 percent were male and 32 percent were female respondents. As far as age group is concerned 50 percent of employees belonged to the age group of 20-30 years and 28 percent of employee belonged to the age group of 30-40 years and 22 percent of employees belonged to the age group of 40 years and above.

Table 1: Respondents Demographic Profile

	VARIABLES	**PERCENTAGE**
Age Group	**20-30**	**50**
	30-40	**28**

	40 and above	22
Gender	**Male**	68
	Female	32
Title of the job	**Software Engineer**	45
	Senior SoftwareEngineer	35
	Technical Leads	20

There are two parameters – Reasons for Employee leaving organisation and Factors affecting Retention. These two broad parameters consist of various variables relating employees' retention. The aim to apply Cronbach's alpha is to test the reliability of data collected through questions of the structured questionnaire. The value of Cronbach's alpha has been shown in table 2.

Table 2 : Cronbach's Alpha value

Parameters	**Cronbach Alpha**
Employees Leaving Reasons	**0.715**
Employees Retaining Reasons	**0.789**

Factor Analysis has been done after having reliability test as the value of Cronbach's alpha is more than 0.5; it is acceptable to be considered for further analysis.

Also the component score coefficient matrix value are considered and the values are as follows.

Table 3: Correlation Matrix

Correlations

		Medical Insurance Package	Company savings plan	Retirement Plan	Holiday Entertainment	Job market	Competitiveness Package	Share option plan
Medical Insurance Package	Pearson Correlation	1	-.117	.097	.249	.191	-.070	.184
	Sig. (2-tailed)		.539	.609	.185	.311	.714	.331
	N	30	30	30	30	30	30	30
Company savings plan	Pearson Correlation	-.117	1	.000	-.098	.169	-.075	.054
	Sig. (2-tailed)	.539		1.000	.606	.372	.695	.776
	N	30	30	30	30	30	30	30
Retirement Plan	Pearson Correlation	.097	.000	1	.104	.412*	.332	.111
	Sig. (2-tailed)	.609	1.000		.584	.024	.073	.560
	N	30	30	30	30	30	30	30
Holiday Entertainment	Pearson Correlation	.249	-.098	.104	1	-.094	.134	.301

	Sig. (2-tailed)	.185	.606	.584		.622	.480	.106
	N	30	30	30	30	30	30	30
Job market	Pearson Correlation	.191	.169	.412*	-.094	1	.173	.164
	Sig. (2-tailed)	.311	.372	.024	.622		.360	.386
	N	30	30	30	30	30	30	30
Competitiveness Package	Pearson Correlation	-.070	-.075	.332	.134	.173	1	-.195
	Sig. (2-tailed)	.714	.695	.073	.480	.360		.303
	N	30	30	30	30	30	30	30
Share option plan	Pearson Correlation	.184	.054	.111	.301	.164	-.195	1
	Sig. (2-tailed)	.331	.776	.560	.106	.386	.303	
	N	30	30	30	30	30	30	30

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4 Coefficient matrix

Component Score Coefficient Matrix

Coefficient Matrix	Component		
	1	2	3
Accuracy of job description	.747	.604	.848
Salary Review	.538	.546	.598
Adequate Information provided about the company	.436	.550	.510
Job changes	.573	.530	.326
Promotion	.421	.592	.445

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Using Mulitple Regression technique the R square value are found and adjusted R square values are noted as follows

Table 5: R square value

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.172[a]	.030	.281	.80368	.030	.141	5	23	.981

a. Predictors: (Constant), Promotion, Job changes, Accuracy of job description, Adequate Information provided about the company, Salary Review

Table 6: Mean Score of factors influencing Employee Retention

PARAMETERS	WEIGHTED MEAN SCORE
Satisfaction with the employee benefits and policies	4.14
Satisfaction with the salary and benefits	4.30
Managing performance	3.87

VI. FINDINGS AND INTERPRETATION:

From the above result we can have an idea that the Talent Management practices like **Satisfaction with the employee salary and benefits** (weighted mean score – 4.34) has the highest mean score. As the result shows the satisfaction of the employee with the salary and benefits are the major consideration of the employee for retention. The **Satisfaction with the employee benefits and policies** (weighted mean score – 4.14) forms the next highest score. The effective and beneficial employee policies alsomakes an employee to think about staying in a company. **Performance Management** (weighted mean score – 3.87) also has a significant score.

VII. CONCLUSION

It can be inferred that while organizations make an effort at designing talent management strategies, it is important to have a streamlined focus on the policies regarding Talent Management.. This pool needs to be nurtured, developed and kept committed to the organization to be able to create an environment conducive for them to grow and sustain in the organization. Unless the organization gives them an opportunity to perform and grow, employees might not be able to relate to their work and goals and satisfaction may not be achieved. It is thus imperative to have a rationalized implementation of Talent Strategies in order to retain talent. The cost of replacing talent cannot be afforded in today's time. Therefore organization would have to dedicatedly look at nurturing their talent in order to sustain in today's competition.

Every organization should be able to develop an environment in them to be able to sustain and compete in the ongoing scenario. The best way to adapt to the external environment is to create a conducive environment within. This is where Talent Management reaps in. Organizations would not only identify the key talent but would also through their practices see to it that they are able to enhance the knowledge of their talent and are able to sustain and retain them for a longer duration. A good employee benefit policies, salary and benefits will make a considerable differences in employee Retention. A right bent of Talent Management practices would definitely result in good increase in Employee Retention.

VIII. REFERENCES

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