

TALENT RETENTION: A PANORAMIC VIEW OF PROBLEMS AND PROSPECTS

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Abstract

The success or otherwise of an organisation largely hinges on the resourcefulness of the human resource serving it. Hence, organizations place a high premium on acquiring the right human resource and training them adequately to reap the best results. However, the mammoth challenge before all the organizations is retaining the best talents hired. This is because, in the current market scenario, the best talents are swamped by an avalanche of lucrative opportunities. As a sequel, organizations cannot so easily keep the best talents in an insulated environment. The employees are well-informed and yearn for better prospects outside the organisation. These developments have pitched the issue of 'talent retention' into the forefront in the corporate chronicle. The present theoretical paper dwells on the different dimensions of talent retention from the employer and employee perspectives.

Key Words : Talent Retention, Talent Attrition, Attrition Costs, Triggers of Talent Attrition and Drivers of Talent Retention.

Introduction

It is a widely proclaimed fact that contemporary industrial units are operating in a continually evolving landscape. In today's knowledge-driven economy, the most subtle challenge before any HR executive is identifying, recruiting and retaining star performers. It is needless to say that 'star performers' are only a handful in numbers and hence in great demand. This 'talent crunch' issue is likely to haunt and daunt the whole corporate space in the days to come. Opportunities abound but there is a sheer dearth of best and brilliant brains. This has placed the competent human resource in the driver's seat. Therefore, today, a qualified and competent employee is no more a 'Job Seeker', rather he/she enjoys the status of a 'Job Shopper'. This has triggered a 'war for talent' scenario among the companies and also provided the profound impetus for 'Job Hopping' among the best brains of the industry. Evidently, today, the issue of 'talent retention' is assuming proportions large enough to elicit discourse in the corporate chronicle. The avoidance of any possible job hopping/attrition entails extra attention by the contemporary corporate commandos. The paper eddies around various issues pertaining to employee retention such as the need for employee retention, triggers of employee attrition, tools to pinpoint the triggers of employee attrition and drivers of employee retention.

Employee Retention: Need for Serious Thought

Today's organizations are increasingly afflicted with the issue of employee retention. In fact, talent retention has kept many senior executives awake at night and the issue stands atop the priority list of CEO's especially in IT & ITES, Banking and Retailing. Invariably, the prevailing maxim in the realm of the IT industry is, 'think IT industries, think attrition'. Furthermore, it is said that the cost of replacing one employee is approximately 30% of his/her annual salary.

Therefore, employee turnover is expensive and it is truly a matter of concern for the CEOs and HR executives of many companies. The turnover envelops both direct and indirect costs. The direct costs also called 'hard costs' of turnover cover separation and replacement costs which are mentioned below:

Separation Costs

- Severance costs
- Exit interview costs
- Unemployment insurance premium
- Outplacement fees

Replacement Costs

- Advertising Costs
- Training Costs
- Relocation costs
- Interviewing time

The indirect costs also called 'soft costs' embrace the loss of organizational knowledge and skills, pre-employment assessments, reduced corporate growth, loss of sales, loss of customers and so forth. Undoubtedly, these are hard to measure and often they are greater than the tangible cost of turnover.

The above reason has prompted the CEOs and HR executives to admit that having and retaining valued employees is what differentiates their company from the competitors. It is also not an exaggeration to say that surging attrition also mirrors that companies are becoming incapable of retaining talent. The rising attrition is truly a mammoth blow to the organization because when a well-trained and valued human capital walks out, it can destabilize the organization's growth and effectiveness. Therefore, the issue of 'talent retention' deserves serious attention and reflection by the CEOs and HR executives in any company.

Unearthing Triggers of Employee Attrition

The soaring attrition rate has created unprecedented ripples in the corporate ocean. Though the problem is pervasive in all sectors, it is alarming in sectors like IT & ITES, banking, insurance, financial services and retailing. Traditionally, an exit interview was the only instrument used to unearth the triggers of employee attrition. But today, the exit interview is condemned as a post-mortem exercise having limited utility in attrition management. Therefore, now most companies are using the following tools to track down the reasons for attrition.

Tool 1: Comparative Employer Brand Studies/Talent Brand Mapping

Instead of waiting for the results of the exit interview conducted at the final stage, the companies shall begin at the start of the career of the employee with the company and identify what attracted the employee towards the company first place. This entails the companies to embark on the job of administering employer brand surveys which will give superior insight into the comparative strengths enjoyed by the company relative to its competitors. This involves surveys of potential recruits as to what would lure them in the first place to join the company. Talent brand mapping can help to figure out which attributes of an 'employer brand' attracts talent towards an organization and also which factors that act as barriers restricting them entering into the organisation. This insight, especially on the last would certainly enable the employer to put the house first in order before further recruitment.

Tool 2: Employer-Recruit Gap Analysis

Several companies are now conducting parallel surveys of potential recruits who are desirous to enter and recent hires to explore how well the organization is living up to its employer brand promise. Both present and prospective groups of employees shall be asked about the employer's brand attributes and promises made. This will provide an inkling about the gap that exists between perceived and actual experience with the organisation. This analysis allows companies to identify where they are creating likely exit triggers for the employees at an early stage.

Key Triggers of Talent Attrition

It is no wonder to say that employees leave or stay for reasons beyond money. It is worth mentioning that these days' people don't change jobs for merely more money. In fact, the skyrocketing salaries provide testimony to this. To reinforce the view further, some of the research conducted in the recent past also unveil the same stance. The past research conducted in this regard evinced that the biggest reason why employees quit their jobs was that they don't get enough training in new skills. The second reason is the lack of career development and money is only third on the list. Nevertheless, money cannot be overlooked outrightly because for some companies the top retention strategy is to pay above the market rate. Barring this, myriad other factors are prompting the best brains of the organization to venture into job hopping. These can be studied under two broad heads namely common and specific factors:

Common Factors

Today it is not the company which determines the movement of its employees but the market. The general market-related factors are the attractive outside opportunities which induce the employees to test their loyalty. They are also called 'Pull' factors and the important among them are:

- **Stiff Global Competition**

Today, companies are vying to attract customers at the global level. Customers can access products and services across the globe and hence have umpteen choices. The same analogy is applicable to employees who are creative, outgoing and proactive. As a matter of fact, many renowned business undertakings are engaged in a global battle for talent. Since multi-national mergers and acquisitions have become the order of the day, it is not a serious matter for even Indian employees where their employer is based. Put differently, the dynamic talents of today do not shy away to take up any overseas assignments.

- **Rise of New Forms of Industries**

Today, the number of new forms of business and opportunities for employees is inching up. For instance, Fintech is a new form of venture and myriad companies are providing Fintech services. They also promise to offer fast growth, handsome pay and woo a large number of employees. Interestingly, they are also looking for one or more key players and these key players might be the experienced talents of other large organizations.

- **The Growth of the Internet**

Today, it is the internet that is ruling industries, especially e-commerce. In the world of the internet where easy access to information is provided, no company can insulate its employees from knowing about the attractive and fancy opportunities thrown open by other companies. In fact, this has even provided a fillip for 'employee poaching', a threat to most companies.

- **Availability of Myriad Options**

Today ample options are open before the best talents since the whole world is fraught with the problem of 'talent drain'. Therefore, the exodus of talent from one country to another is not

uncommon. In this perspective, 'Have Talent-Will Travel' is the hot punch line.

- **Absence of Barriers**

Today's best talents are like free birds. Their ability and willingness can take them anywhere depending upon the opportunities available. They assess their market value, and welcome new challenges, new adventures and new experiences. These street-smart and tech-savvy workers value time more than distance.

Specific Factors

These are the internal reasons and are well within the whims of the organization to identify, control and change. This basically revolves around such elements as the organization itself, the job and the leader. These are also called 'Push' factors as they stifle and induce the employees to quit the organization. Following are the other vital triggers of attrition.

- **Limited Growth and Advancement Opportunities**

Career growth and advancement consistently rank among the top reasons why employees stay or leave in most companies. No one really likes being stuck in one position or one type of job for the rest of his life. When employees find that there is no room upstairs, they tend to look outside for career advancement.

- **Workplace Expectations and Ambience**

Both the employers and the employees will have some unwritten and unspoken expectations from each other. Pride in the organisation where they work and what they do, meaningful and exciting work, mutual respect and sincere expressions of appreciation are some of the requirements that talented employees expect from an organization. When these expectations are not met, invariably dissatisfaction among employees erupts. These unmet expectations, whether reasonable or unreasonable, may prompt an employee to leave because he feels betrayed and consequently the organization will be put to unnecessary expense.

- **Incongruence Between Position & Person**

An employee will be committed and remain loyal to the organisation when qualifications and competency perfectly match the requirements of the job. This shall be ensured at an early stage of an employee entering into the organisation. The selection process shall be undertaken with maximum care by probing into the credentials of the employee. Any mismatch between person and position will certainly spell disaster for the organisation paving the way for attrition.

- **No Attention to Employee Intrinsic Needs**

It is not surprising to see many companies treating human resources as a commodity and overlooking their intrinsic needs like the need for recognition, respect and esteem. Further, when talent has determined to quit the organisation for some reason, many companies resort to the conventional knee-jerk response of providing increased levels of pay and benefits. Organizations fail to understand and appreciate that human resources also have emotional feelings that are to be addressed adequately.

- **Work Pressure and Work-Life Imbalance**

Squeezing out as much productivity as possible from each employee and also employing an inadequate number of people in an attempt to increase profitability in a hyper-competitive global economy will certainly doom such organisations. In the short run, extra hours at work place do produce palpable results. But in the long run, stress caused by overwork and work-life imbalance leads to burnout and thereby a fall in efficiency. Higher monetary compensation and arranging

some fun activities at the office can offset stress caused by overwork only up to a point and not beyond. Sooner or later employees re-assess their priorities in life and opt for a job that provides them with work-life balance and solace.

- **Bully Boss**

In many organizations, leaders try to boss over their employees. Indefinite hours of work, frequent touring, short deadlines etc., truly mar the interest of the employees in the work assigned. Most employees are fed up with the arrogant response of their boss saying ‘you are dispensable. I can find dozens like you’. Therefore, it has been aptly said that ‘employees leave managers and not companies’. Even the colleagues at the office who are functionally and interpersonally weak also pose problems.

- **Other Factors**

Apart from the above said factors, poor health, family issues like the need to relocate to the native place, the need to take care of parents and the like also influence job attrition.

Key Drivers of Talent Retention

The captains of modern organizations are becoming increasingly aware that the sustainable source of competitive advantage emanates not only from having the most indigenous product design or service, the best marketing strategy, state-of-the-art technology or the savviest financial management but also from having an appropriate system for retaining human resources. Given the critical nature and far-reaching implications of the issue, HR executives have realized that the issue of employee retention needs to be looked at with a fresh lens. They are toying with many innovative ideas and initiatives to woo and retain creative talents. They are endeavouring to comply with the popular cliché, ‘a satisfied employee rarely leaves’. Some of the best initiatives are delineated below:

- **Make Work More Passionate**

Compensation is the age-old retention mechanism and today organizations try to hold back their most valuable employees by paying them more than the market-defined salaries. Therefore, today, meaningful work and purpose inspire talented employees far more than a generous benefits package. The passion for ‘challenging work’ kindles the inner drive and the employee propels himself to a high trajectory of performance. When work allows employees to use their minds, acquire new skills, and face situations that enable them to grow, they become enthusiastic about the work. Opportunities to learn and grow are powerful motivators to inspire a talented workforce. The work shall fulfil the need of the employees to feel valued, recognized and encouraged.

- **Opportunities to Develop One’s Career**

If people who are very agile and ambitious do not find the scope to move up in the hierarchy will eventually move out of the organization. Therefore, the power of intrinsic motivators cannot be undervalued in the present context. Employees are constantly exploring various avenues to develop their skills so that they can be promotable and employable in these fast-changing times. Organizations need to consider individual learning needs and address them suitably by creating learning opportunities for them. This will enhance the ‘learnability’ of the employees. Moreover, the employees need to be given opportunities to apply their newly acquired skills in the workplace so that they can prove their worth to the organization. This would boost their self-esteem.

- **Creative Job Designing**

Every creative and ambitious talent has certain deeply embedded “life interests” to pursue and satisfy. This shall be fulfilled by designing the job creatively and facilitating job enrichment. It

involves the creation of a customized career for the employees based on their abilities and interest. It is, therefore, essential for a manager to identify those deeply embedded 'life –interests' of an employee and sculpt the job or his assignment in such a way that it enables the employee to express himself fully. Work shall be designed to suit the convenience of employees with options like flexible work hours, telecommuting, job sharing, location preference, etc.

- **Customization**

The key element to success in the new economy is the customization of products and services. It is the ability to customize a company's offerings to the unique needs of every individual customer. The same analogy applies to retaining great talents. One-size-fits-all programs and benefits no longer work. The companies, therefore, have to mass customize every pay range, benefits package and retention device to retain their top talents. No doubt, some employees need to be retained indefinitely as they are the key and star performers in the organisation. Such talents are to be retained through 'customization' initiatives by designing unique programs that suit their expectations.

- **Work/Life Integration**

To retain the best talents, it is suggested that the companies shall shift emphasis from 'work/life balance' to 'work/life integration'. It is, therefore, important to distinguish between the two. The former focuses on how to wrap an employee's personal life around their work-keeping their work life as the central element. On the other hand, the latter takes the opposite approach –how to wrap the person's work life around their work-keeping the personal life as the central element. 'Work/life integration' is a far more powerful statement of a company's concern for the individual and moves toward a mass customized approach.

- **Recruit Right**

Hiring should not only be based on education, knowledge, skills and previous experience but also the compatibility of the person with the company's culture. An important question which needs to be answered by an employee is "Does he or she share the company's values and can he/she adapt to the workplace?". The 'adaptability' character shall be well tested before the prospective candidate is promised the job offer. Many smart companies follow the strategy of "hire for attitude and train for skills' to avoid any embarrassment later.

- **Training**

Successfully planning and implementing training programs will help the organization in reducing employee turnover and retaining qualified and competent employees who give their talent and creativity to the firm and also increase their value. Training in new skills and technology will go long way in retaining the best knowledge pool. For instance, the acquisition of language skills by the employees is very important for IT companies to tap into the new emerging global market. Further, when employees master new skills, the company shall develop a practice to recognize and pay hot skills premium to attract and retain especially such talents whose supply is short.

- **Train Leader in Retention**

A leader needs to be trained in retention just like they are in other management skills that help good leaders become a great leaders. Leadership retention skills like building trust, coaching and developing team members, and boosting employee self-esteem will go long way in employee retention.

- **Recognition of Employees' Contribution**

Unless employees are properly recognized for their contribution, their motivation levels will fall.

Outstanding performance shall be recognized by conferring such awards as Annual Outstanding Employee Awards, Sustained Performance Award etc.

- **Systems to Measure Attrition Instantly**

The captains of the industry shall take time and energy to set up a system for measuring and reporting turnover statistics. The scrutiny of data gathered may unfold many startling patterns and provide a vivid image of attrition. Attempts shall also be made to disseminate these patterns among the key managers and executives and make retention part of the executive dialogue. Put differently, keep the issue of retention top of the mind of executives as a standing issue.

Talent Retention- Whose Onus Is It?

The first question to be answered here is “who” is responsible for the retention of capable manpower? Who bears the onus of ensuring employee delight and who would take a stand to protect employee interest? It is quite easy to point fingers at the HR department and shift the blame onto them. But the responsibility is not only with the people who recruit but also the people who lead them in the organisation. The responsibility and accountability for cutting turnover need to spread throughout the organization.

Conclusion

It is an indubitable fact that ‘attrition’ is pushing itself into the top tier of strategic priorities of most organizations inhibited by the same. Therefore, there is a growing effort by these organizations to quell the tension of attrition. As it has been rightly pointed out by Andy Shapiro of Deloitte & Touche Fantus Consulting, “there are three things you need for a successful customer contact centre; labour, labour, labour i.e. labour quality, labour costs and labour availability”. This lends a lucid lesson to the companies that if they wish to thrive in this aggressive business environment, they need to propagate the holistic philosophy of ‘putting employees first’ in their every endeavour. The orthodox ‘hire and fire’ policy shall be replaced by a more appealing ‘hire and steer’ policy. Companies need to recruit the right people and then turn good people into great people. They shall also realize that employee retention through compensation is only a knee-jerk reaction guided by conventional wisdom. Instead, a very innovative and well-orchestrated plan of retention shall be put into place to attack attrition and enhance retention. Let every company be a good ‘talent keeper’ and today this is the need of the hour.

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