

# Talent management and its implication on Employee Retention

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**Abstract:** In the current business scenario, talent management is known to be a popular retention strategy for talented employees, but how talent management leads to greater employee retention is an uncharted territory. Based on a comprehensive literature review, the present article suggests a theoretical framework that shows introduction of talent management practices affects employee's intention to stay. Furthermore, it discusses the impact of talent management practices on various dimensions. Many of the suggested propositions provide insights for HR practitioners to strive for the retention of talented employees through talent management.

**Key Words:** talent, strategy, hr practices, retention.

## 1. INTRODUCTION:

### 1.1. What is meant by talent management?

Simply put, talent management means investing in an organization's most important resource – its people. To this end, employers can recruit candidates with highly desirable skills, provide opportunities for continuous learning and development, and reward valuable team members and encourage them to move up within the organization.



### 1.2. An example of talent management :

Real life examples of talent management happen every day. For example, consider an apparel retailer that wants to change its business model from simply supplying clothing to providing a truly service-based experience to customers. To achieve this goal, organization leaders know they'll need a new breed of associates and managers. That's why they implement assessment and applicant tracking tools to help hire the right candidates and use real-time performance data to provide supervisors with the insights they need to make better decisions.

### 1.3. What are some of the key components of talent management?

Building a talent strategy that drives an organization forward typically requires employers to:

- Align talent goals with larger business objectives
- Meet employee expectations and deliver on hiring promises
- Trust data to make smarter workforce decisions



- **Recognize**

Manage compensation equitably and reward top performers.

- **Planning**

Create succession plans that allow employees to advance their careers when opportunities become available.

### 3. Talent management plan and best practices :

No matter where they are in their talent journey, employers can engage people and do better by following these tips:

- **Make decisions based on data**

Having reliable, accurate and timely data helps employers carry out strategic talent initiatives such as pay equity or workforce diversity with confidence.

- **Rely on technology**

Talent management systems make it easy to source talent, assess skills and qualifications, make new hires, manage employee strength, and recognize and reward top performers.

- **Outsourced Payroll and Human Resources**

With administrative tasks, business leaders have more time to concentrate on becoming an employer of special. Some HR outsourcing providers can also help with recruitment and talent strategy.

### 4. Employee turnover :

Employee turnover is defined as the number of employees who leave the organization, or who are asked to leave, and are replaced by new employees. Employee turnover is usually calculated on an annual basis. It doesn't matter if employees resign or are fired, their absence takes a toll on an organization's overall productivity. This event can have a certain negative impact, but

it is not necessarily all bad, because if some employees leave, new ones join. However, the speed at which the work is done is somewhat affected

#### 4.1 Types of employee turnover :

There are mainly 4 types of employee turnover:

- **Voluntary Turnover:**

This kind of turnover occurs when an employee voluntarily decides to leave the organization. It is the choice of the employee to leave the organization, without any pressure from any external force.

- **Involuntary Turnover:**

This type of turnover happens when an employee is fired, or asked to leave the organization due to various factors (which cannot always be determined).

- **Desirable Turnover:**

Turnover is considered desirable when an organization removes or loses poor performing employees and replaces them with new hires. This process may not go down well with many employees, yet it is necessary to maintain momentum within the organization.

- **Undesirable Turnover:**

Undesirable turnover occurs when an organization loses its top performing employees. Some employees leave a deeper impression than others, they are the kind of employees who are difficult to replace.

#### 4.2 Employee retention :

Employee retention is defined as the ability of an organization to prevent employee turnover, or the number of people who voluntarily or involuntarily leave their jobs over a given period of time. Increasing employee retention has a direct effect on business functioning and success.

- Employee retention is a high priority for leading HR organizations today.
- The most effective employee retention strategies reduce overall turnover and keep high performers on board.
- A thoughtful and comprehensive employee retention strategy minimizes the high costs associated with replacing lost employees.
- Employers who recognize the subtle signs an employee is leaving may have a better chance of identifying ways to retain that person.

### How an effective talent management process can improve productivity :

The talent management process within an organization needs to be as effective and seamless as possible to ensure that when an employee leaves or joins a company, it has minimal impact on their team as a whole.

Optimizing the productivity of the talent management process begins with the recruitment strategy. After all, when you make smart hires with strong potential in a fast manner, you can streamline company operations with a minimum of disruptions. To make faster hiring and still hire better talent, recruiters need to take advantage of the latest technology tools such as Application Tracking Systems (ATS) or all-in-one Human Resource Management Systems (HRMS).

Effective onboarding is equally important for increasing productivity within the organization. In fact, according to one report, when companies offer a seamless onboarding program for new hires, they can see a 54 percent increase in productivity.

### 4.3 Connection between talent management and employee turnover intention :

Organizations are very concerned about employee turnover because they recognize talented employees as a source of competitive advantage. Talent Management is considered to be the most widely adopted HR initiative to deal with the issues of talent turnover. Researchers have identified that when the perceived level of talent management practices increases, turnover intentions among talent employees decrease.

When organizations employ more talent management practices, it signals an organization's interest in investing in its people. It can enhance the psychological bonding between the organization and the employees. These psychological reactions may result in lower turnover intentions.

### 5. Talent Management Practices and Turnover Intentions :

By having additional management practices provided to talented employees to nurture them and achieve a positive work attitude, talent management can connect employees more strongly to organizations, provide greater fit in their work area, and can supplement the benefits they may have lost while leaving the job. This in turn increases the employees' intention to stay. Talent management is a mutual investment relationship, where employees benefit from career development and organizations with enhanced performance.

### 6. CONCLUSION :

Everything that is done to recruit, retain, reward, develop and improve the performance of employees in an organization is a part of the talent management process. Hiring and retaining top talent can be incredibly difficult for businesses, but creating a customized talent management strategy can make the entire process more streamlined and effective. In fact, companies that implement strategic talent management processes have been able to see 38 percent higher employee engagement and 40 percent lower employee turnover.

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